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ABSTRACTS

Revolution and War

By STEPHEN M. WALT

Revolutions are watershed events in international politics, yet the existing literature on revolutions focuses primarily on the causes of revolution or its effects on domestic politics. Revolutions are also a potent cause of instability and war, because they alter the "balance of threats" between the revolutionary state and the other members of the system. First, revolutions alter the balance of power and make it more difficult for states to measure it accurately. Second, they encourage states to exaggerate each other's hostility, further increasing perceptions of threat. Third, revolutions cause states to exaggerate both their own vulnerability and that of their opponents, thereby encouraging them to view the use of force as both necessary and feasible. This combination of insecurity and overconfidence is usually illusory, however. In fact, revolutions are usually harder either to export or to reverse than either side expects.

Rational Foundations for the Organization of the Liberal Democratic Party in Japan

By MASARU KOHNO

Over the last two decades there have been numerous changes in the organization of the ruling Liberal Democratic Party (LDP) in Japan. The pattern of factionalization has changed significantly in terms of the number of competing major factions, the average size of their membership, and their internal structure. Moreover, a new set of institutionalized norms, such as the seniority and interfactional balancing principles, has emerged to govern organizational processes within the LDP. The conventional approach in the literature on Japanese politics, which focuses on factors unique or distinctive to Japanese history, culture, and social behavior, cannot adequately explain these recent changes in the LDP. This paper proposes an alternative, rational-choice explanation based on the standard microanalytic assumptions. More specifically, it argues that the pattern of the LDP's factionalization is primarily determined by the electoral incentives of two sets of rational actors, LDP politicians and LDP supporters, operating under institutional constraints, such as electoral laws and political funding regulations. It also argues that the organizational norms originate in the promotion incentives of the LDP politicians whose strategies are influenced by the uncertainty in the dynamics of the interfactional political process.

Limits of State Strength:

toward an institutionalist view of economic development

By RICHARD F. DONER

Analyses of economic growth have drawn on the experiences of the East Asian newly industrializing countries to highlight the contribution of cohesive and autonomous states in the resolution of market failures. Within an explicit collective action and public goods framework, this article argues for an institutionalist approach to development that incorporates, but also goes beyond, statism. Through an examination of auto manufacturing in five countries in Southeast and Northeast Asia, the article identifies specific collective action problems central to the development process, and it explores limits to the capacities of even strong states to resolve such problems. The article stresses the role of private sectors and joint public-private sector institutions, identifies systematic differences within and among local entrepreneurs with regard to development issues, emphasizes the need for research on factors influencing the supply of institutions; and argues for an approach to development that emphasizes cooperation among domestic interests rather than domination.

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Soviet Behavior in Regional Conflicts: old questions, new strategies, and important lessons

By RICHARD K. HERRMANN

Regional conflicts have played a major role in American interpretations of Soviet foreign policy. They have affected judgments about Soviet intentions and have served as a barometer of Moscow's competitiveness. This study looks at the change in Soviet policy under Gorbachev. It proposes a strategic framework for the analysis of Soviet behavior and then examines Moscow's actions in terms of military support, active involvement, and the terms for peace. Special attention is paid to Soviet behavior in Southwest Asia. The study finds that Soviet behavior changed but in ways that were more subtle than often realized. Moscow pulled back having achieved partial success through compromise more often than it retreated in defeat. The shift to a strategy of détente had numerous causes, but a simple American peace-through-strength explanation that stresses external constraints and Soviet internal weakness is inadequate. Such explanations underestimate the importance of changing perceptions of threat and mistakenly affirm a deterrence conception of reciprocity (i.e., that force begets restraint). The evidence in regional conflicts suggests that a spiral model of reciprocity (i.e., that escalation begets escalation) is more apt.

International Theories of Cooperation among Nations: strengths and weaknesses

By HELEN MILNER

Cooperation among nations has become the focus of a wide range of studies in the past decade. The recent international relations literature about cooperation has adopted a distinct approach. It has tended to focus on the systemic level of analysis. It has also used game theory as its central tool of analysis. This review evaluates this literature, arguing that these methodological choices have contributed to both the greatest strengths and the greatest weaknesses of the literature in explaining cooperation among nations.

The recent literature on international cooperation has made two general contributions. First, it has developed a concept of cooperation, which can help distinguish what behavior counts as cooperation and which has been adopted widely in the field. Second, the literature has tried to illuminate the conditions under which cooperation is likely to emerge. Using game theory to model relations at the systemic level parsimoniously, scholars have developed at least six hypotheses about the circumstances that promote cooperative behavior.

The recent literature also suffers from at least two serious problems. The first problem flows from the assumptions used to generate the relatively parsimonious hypotheses. In particular, the way in which the assumption of anarchy is used causes problems. Second, and relatedly, the literature shows a remarkable neglect of domestic politics. As will be argued, this poses a serious limitation for understanding cooperation. Systemic theory simply cannot take us far enough. The international-level hypotheses depend on implicit theories about internal politics. Hypotheses about domestic influences on cooperation among states are not well developed. Although systemic theory has been touted for a variety of reasons, the biggest gains in understanding international cooperation in the future are likely to come from domestic-level theories.

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REVOLUTION AND WAR

By STEPHEN M. WALT*

I. Introduction

REVOLUTIONS are more than critical events in the history of individual states; they are often watershed events in international politics. Revolutions cause abrupt shifts in the balance of power, place alliance commitments and other international agreements in jeopardy, and provide inviting opportunities for other states to improve their positions. Although true revolutions are a relatively rare occurrence, their effects on international politics are worth studying for at least two reasons.

First, revolutions invariably trigger disagreements over how other powers should respond. These disputes, typically between advocates of appeasement and advocates of intervention to overthrow the new regime, are strikingly similar, whether one considers the European response to the French and Bolshevik revolutions or U.S. reactions to the revolutions in Mexico, China, Cuba, Iran, and Nicaragua. Yet little effort has been made to assemble the theoretical propositions or empirical evidence to resolve (or at least advance) the various disagreements that underlie these policy debates.

Second, from a purely scholarly perspective, studying the international effects of revolutionary change is an obvious way to compare the merits of systemic and unit-level explanations of state behavior. Systemic theories such as neorealist balance-of-power theory focus on the constraining impact of international anarchy and the effects of different distributions of power, while downplaying the impact of domestic politics, ideology, or other unit-level factors.[1] But revolutions are a unit-level phenomenon; they are violent political struggles over the basic principles by which society is organized. Not only do they affect domestic political structures, but revolutions often advance novel political ideas and ambitious international objectives based upon them.

* I thank the following individuals for their comments on earlier drafts of this article: James Fearon, Charles Glaser, Jack Goldstone, Judith Goldstein, Louisa Bertch Green, Robert Johnson, David Laitin, John Mearsheimer, Andrew Moravcsik, Kenneth Oye, Jack Snyder, Rebecca Stone, and Stephen Van Evera. I am also grateful to Elizabeth Boyd and James Marquardt for research assistance, and to the John D. and Catherine T. MacArthur Foundation, the Carnegie Endowment for International Peace, and The Brookings Institution for financial and logistical support.

[1] The locus classicus remains Kenneth N. Waltz, *Theory of International Politics* (Reading, Mass.: Addison-Wesley, 1979).

World Politics 44 (April 1992), 321–68

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Yet even when the revolutionaries reject traditional state goals and question the legitimacy of the state-system itself, they begin by seeking control of an existing state. If they are successful, they automatically become part of the larger system of states and are subject to the constraints and opportunities depicted by systemic theories. As a result, the study of the foreign policies of revolutionary states helps one to understand how systemic forces modify behavior arising from domestic processes. At the same time, it can also reveal how unit-level factors may alter the impact of systems-level constraints. In other words, studying revolutions is one way to explore the links between domestic and international influences on state behavior.

Despite its obvious importance, however, the subject of revolutionary foreign policy is underexplored. Although the literature on revolution is enormous, virtually all of it focuses on either the *causes* of revolution or the *domestic* consequences of revolutionary change.[2] There are valuable case studies on individual revolutionary states but very few comparative or theoretical works on the international implications of revolutionary change.[3]

To begin to fill this gap, this paper examines the following questions: Why do revolutionary states fight foreign wars almost immediately after gaining power? Are revolutionary regimes inherently aggressive, or are they simply victims of other powers? Are these conflicts a direct result of the revolutionary process, or is the association between revolution and war largely spurious?

In brief, I argue that revolutions cause war by increasing the level of threat between the revolutionary state and its rivals and by encouraging both sides to view the use of force as an effective way to eliminate the threat. By altering the balance of power and making it more difficult for states to measure the balance accurately, revolutions increase the danger

[2] For surveys of the literature on revolution, see Peter Calvert, *Revolution and Counter-Revolution* (Minneapolis: University of Minnesota Press, 1990); Jack A. Goldstone, "Theories of Revolution: The Third Generation," *World Politics* 32 (April 1980); Rod Aya, "Theories of Revolution Reconsidered: Contrasting Models of Political Violence," *Theory and Society* 8 (July 1979); Mark N. Hagopian, *The Phenomenon of Revolution* (New York: Dodd Mead, 1974); and Ekkart Zimmermann, *Political Violence, Crises and Revolutions: Theories and Research* (Cambridge: Schenkman Publishing, 1983).

[3] I know of only two theoretical works on this topic, neither of which is fully satisfactory: Peter Calvert, *Revolution and International Politics* (New York: St. Martin's, 1984); and Kyung-Won Kim, *Revolution and International System* (New York: New York University Press, 1970). Excellent case studies include T. C. W. Blanning, *The Origins of the French Revolutionary Wars* (New York: Longman, 1986); Edward Hallett Carr, *The Bolshevik Revolution, 1917–1923*, vol. 3 (New York: Macmillan, 1953); Peter Van Ness, *Revolution and Chinese Foreign Policy: Peking's Support for Wars of National Liberation* (Berkeley: University of California Press, 1970); and Friedrich Katz, *The Secret War in Mexico: Europe, the United States, and the Mexican Revolution* (Chicago: University of Chicago Press, 1981).

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of miscalculation. Revolutions also encourage both sides to exaggerate the other's hostility, thus further increasing each side's perception of threat. Finally, revolutions lead both sides simultaneously to exaggerate their own vulnerability to attack or subversion and to overstate the vulnerability of the other side. As a result, war is likely to be seen as necessary to reduce the threat and also relatively easy to win. These expectations are usually mistaken, however. Revolutions are harder to reverse or to export than either side expects; that is, the increased level of threat that accompanies a revolution is in part illusory.

These dynamics arise from the characteristics of revolutionary organizations and ideologies and the domestic and international effects of revolutionary change. International conflict is thus overdetermined: although war does not occur in every case, strong pressures for war are present even when other factors intrude to prevent it.

This is not to imply that revolutions are a unique cause of war or that the dynamics that lead revolutionary states to war do not apply to other states as well. Indeed, several of the causal links outlined below are drawn from familiar propositions in international relations theory. Instead, I argue that revolutions are an especially powerful source of these familiar phenomena; as a result, war is extremely likely in the aftermath of a revolutionary upheaval.

The main goal of this article is to advance a set of hypotheses and to illustrate them with appropriate historical examples. Section II describes the association between revolution and war and evaluates several alternative approaches for explaining this relationship. Section III summarizes the nature of the revolutionary process and identifies some of its likely effects. Section IV presents my argument in detail and explains why the interaction between revolutionary states and other powers makes war very likely. The conclusion, Section V, considers the implications of these arguments, takes note of some possible qualifications, and suggests what these hypotheses tell us about the recent changes in the former Soviet empire.

II. Revolution and War: Competing Explanations

Definitions

A revolution is the destruction of an independent state by members of its own society and its replacement by a regime based on new political principles.[4] The "state," as used here, means administrative and coercive

[4] For similar conceptions, see Franz Borkenau, "State and Revolution in the Paris Com-

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agencies possessing legitimate authority over a specific territorial area.[5] A revolution is more than just a rearrangement of the administrative apparatus or the replacement of old elite. Instead, a revolution creates a new state resting on different social groups, new social and political institutions, different legitimating myths, and novel conceptions of the political community. This definition excludes both simple coups d'état (where one elite faction replaces another) and national liberation movements (where a colonized group establishes an independent state by expelling a foreign ruler).[6] It also excludes cases where the ruling elite leaves office voluntarily, as in the restoration of civilian control after a period of military rule.

As noted above, revolutions are not the only (or even the most important) cause of international conflict. They are an unusually potent one, however. According to one recent study, states that experience a "revolutionary" regime change (defined as any violent change of the governing system) are nearly twice as likely to be involved in war in the initial period following the change as are states that emerge from an "evolutionary" political process.[7] The pattern is even more striking for revolutions that fit the more restrictive definition offered above. As shown in Table 1, out of ten uncontroversial cases (i.e., where there is a clear consensus that a revolution occurred), eight fought wars within five years of the revolution. Moreover, the two exceptions are near misses: although open warfare did not occur, the revolutionary government became involved in a "militarized interstate dispute" soon after taking power.[8]

What explains the strong association between revolution and war? At the risk of oversimplifying the existing literature, the alternative explanations can be grouped into several basic families.

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mune, the Russian Civil War, and the Spanish Civil War," *Sociological Review* 29 (January 1937); John Dunn, *Modern Revolutions: An Introduction to the Analysis of a Political Phenomenon* (Cambridge: Cambridge University Press, 1972), xi; and Samuel P. Huntington, *Political Order in Changing Societies* (New Haven: Yale University Press, 1968), 264–65.

[5] See Theda Skocpol, *States and Social Revolutions: A Comparative Analysis of France, Russia, and China* (Cambridge: Cambridge University Press, 1978), 29.

[6] Due to the many similarities between national liberation movements and revolutionary organizations, successful wars of national liberation and successful revolutions are likely to generate similar international effects.

[7] See Zeev Maoz, "Joining the Club of Nations: Political Development and International Conflict, 1816–1976," *International Studies Quarterly* 33 (June 1989). Maoz carefully shows how regime change affects the probability of war, but he does not offer an explanation for this association. See also Jonathan R. Adelman, *Revolution, Armies, and War: A Political History* (Boulder, Colo.: Lynne Rienner, 1985), 3–6.

[8] The near misses are the Mexican Revolution, where the United States intervened twice on a modest scale and considered a full-scale invasion in 1916, and the Cuban Revolution, where the United States sponsored a number of efforts to overthrow or assassinate Fidel Castro.

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TABLE 1
WAR AND REVOLUTION

Revolution	*Postrevolutionary War*
France (1789)	Austria-Hungary, Prussia Spain, England (1792–93)
Mexico (1910)	[U.S. Intervention (1916)][a]
Russia (1917)	Allied intervention (1919) Poland (1920)
Turkey (1919)	Greece (1920)
China (1949)	Tibet (1950) Korean War (1950)
Cuba (1959)	[Bay of Pigs invasion (1961)][a]
Ethiopia (1974)	Somalia (1978)
Cambodia/Kampuchea (1975)	Vietnamese invasion (1979)
Iran (1978)	Iraq (1980)
Nicaragua (1979)	United States (1981)[b]

[a] Conflicts in brackets are borderline cases.
[b] I include the *contra* war between the United States and Nicaragua due to its scope—at least 30,000 deaths, or approximately 1% of Nicaragua's population. Although the U.S. troops did not participate directly, the United States mined Nicaraguan harbors and organized and equipped the *contra* armies.

REVOLUTIONARY IDEOLOGY

One popular approach views revolutionary foreign policy as primarily a result of the ideology of the revolutionary movement. The logic is straightforward: revolutionary states cause war by trying to export their ideological principles to other countries. They do this because the movement's core beliefs prescribe such efforts, contrary to the usual norms of sovereignty and nonintervention.[9]

Not surprisingly, this interpretation of revolutionary foreign policy is especially popular with the opponents of the new regime. After the French Revolution, for example, Edmund Burke argued that England "was at war with an armed doctrine," just as U.S. leaders blamed the expansionist thrust of Soviet foreign policy on the revolutionary ideology of Marxism-Leninism.[10] In much the same way, some analyses of Iranian

[9] E.g., the Egyptian National Charter of 1962 proclaimed that "Egypt was bound to spread its mission and put [its] principles . . . at the disposal of all the Arabs, disregarding the worn-out notion that in doing so it is interfering in other peoples' affairs." Quoted in Adeed Dawisha, *Egypt in the Arab World* (London: Macmillan, 1976), 35.

[10] See Edmund Burke, "First Letter on a Regicide Peace," in *The Works of the Rt. Hon.*

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foreign policy have attributed its bellicose character to the expansionist strands of the Ayatollah Khomeini's Shiite theology.[11]

Despite its popularity, however, this approach is an inadequate explanation for war. To begin with, it is one-sided: war is seen as a direct result of the revolutionary regime's "aggressive" beliefs. There is little empirical support for this view, however, as revolutionary states often behave with restraint and are usually the victims rather than the initiators of aggression. French foreign policy, for example, was remarkably passive from 1789 to 1792, leading many contemporaries to view the Revolution as a serious blow to France's international position.[12] It was the Poles who began the Russo-Polish War in 1920, and the Soviet Union continued to avoid significant conflicts or international commitments until the eve of World War II.[13] Iraq started the war with revolutionary Iran; Somalia attacked revolutionary Ethiopia; and the Chinese intervention in Korea was a reluctant response to the U.S. advance to the Yalu River rather than an aggressive attempt to advance ideological objectives. Had revolutionary ideology been the direct cause of conflict implied by this perspective, these states would have been the aggressors rather than the victims.[14]

In addition revolutionary ideologies are generally more flexible than this perspective implies. Instead of prescribing a dogmatic campaign of expansion, most stress the need for tactical flexibility in the pursuit of general goals. If so, then both war and peace can be justified on ideological grounds.[15]

Edmund Burke (Boston: Little, Brown, 1869), 5:250. On Western appraisals of Soviet conduct, see George F. Kennan [Mr. X], "The Sources of Soviet Conduct," *Foreign Affairs* 25 (July 1947); Nathan Leites, *A Study of Bolshevism* (Glencoe, Ill.: Free Press, 1953); and "U.S. Objectives and Programs for National Security" (NSC-68), reprinted in Thomas H. Etzold and John Lewis Gaddis, eds., *Containment: Documents on American Policy and Strategy, 1945–1950* (New York: Columbia University Press, 1978), 386–96. More recently President Reagan argued that "it was difficult [for Americans] to understand the [Soviet] ideological premise that force is an acceptable way to expand a political system." See "Text of President Reagan's United Nations Speech," *Washington Post*, October 25, 1985, p. A23.

[11] See R. K. Ramazani, *Revolutionary Iran: Challenge and Response in the Middle East* (Baltimore: Johns Hopkins University Press, 1986), 19–26; Marvin Zonis and Daniel Brumberg, *Khomeini, the Islamic Republic of Iran, and the Arab World* (Cambridge: Harvard Center for Middle East Studies, 1987); and Cheryl Benard and Zalmay Khalilzad, *"The Government of God": Iran's Islamic Republic* (New York: Columbia University Press, 1984), 147–55.

[12] Blanning (fn. 3), 79–80, 132–35; J. H. Clapham, *The Causes of the War of 1792* (1892; reprint, London: Octagon Books, 1969), 15–18; and Steven T. Ross, *European Diplomatic History, 1789–1815: France against Europe* (Garden City, N.Y.: Doubleday, 1969), 25.

[13] The Soviet Union did send military aid to the republican forces in the Spanish Civil War, but this modest commitment was motivated by defensive concerns and lasted only one year.

[14] Of course, revolutionary regimes may invite war through provocative actions, even if other states initiate the use of military force.

[15] For examples, see Nathan Leites, *The Operational Code of the Politburo* (New York:

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As we shall see, ideology does affect how revolutionary states behave and how they are perceived by others. By itself, however, it does not adequately explain the connection between revolution and war.

Domestic Politics

A second approach to understanding revolutionary foreign policy draws on the literature linking domestic and international conflict.[16] In this view, conflicts within the revolutionary state are believed to encourage aggressive behavior toward others. The greater the divisions within the revolutionary state (either within the elite or between the government and the population at large), the more bellicose its foreign policy will be.

This hypothesis takes two distinct forms. One focuses on elite conflict: contending factions within the revolutionary movement promote conflicts with other states in order to secure greater power for themselves. For example, the Brissotin faction in the French National Assembly sought a war with Austria and Prussia in order to discredit the monarchy and eliminate its other domestic rivals.[17] Similarly, radical factions in the Iranian Revolution are believed to have exploited conflict with the United States as a way to undermine more moderate forces.[18]

A second hypothesis argues that revolutionary leaders seek conflicts with other states in order to rally popular support, to justify internal repression, and to provide a scapegoat should domestic problems persist. Thus, the radicals in France used the threat of a vast "aristocratic conspiracy" to justify suppression of the clergy and nobility, just as Castro in Cuba and the Sandinistas in Nicaragua used their conflicts with the United States to justify the repression of domestic opponents and to excuse their own policy mistakes.[19] In each case, an external enemy was

McGraw-Hill, 1951), 32–35; and Tang Tsou and Morton H. Halperin, "Mao Tse-tung's Revolutionary Strategy and Peking's International Behavior," *American Political Science Review* 59 (September 1965), 89–90.

[16] For a summary and critique of these theories, see Jack S. Levy, "Domestic Politics and War," in Robert Rotberg and Theodore Rabb, eds., *The Origins and Prevention of Major Wars* (Cambridge: Cambridge University Press, 1989); and idem, "The Causes of Wars: A Review of Theories and Evidence," in Philip Tetlock et al., eds., *Behavior, Society, and Nuclear War* (New York: Oxford University Press, 1989), 1:262–73.

[17] For a superb analysis of the Brissotin campaign for war, see Blanning (fn. 3), 99–113. See also Clapham (fn. 12), 114–15, 135–36; and Gunther E. Rothenburg, "The Origins, Causes, and Extension of the Wars of the French Revolution and Napoleon," in Rotberg and Rabb (fn. 16), 209–12.

[18] See Said Amir Arjomand, *The Turban for the Crown: The Islamic Revolution in Iran* (London: Oxford University Press, 1988), 139–41; and Gary Sick, "Iran's Quest for Superpower Status," *Foreign Affairs* 65 (Spring 1987), 698–99.

[19] The damage from the *contra* war notwithstanding, the Sandinistas' defeat in the 1990 election reveals that they ultimately failed to make the United States a convincing scapegoat for their domestic errors. See Dennis Gilbert, *Sandinistas: The Party and the Revolution* (London: Basil Blackwell, 1988), 94–95, 119, 183.

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used to solidify the regime's internal position and blamed for continued internal problems.

Both hypotheses share the assumption that revolutionary foreign policy is determined largely by domestic politics. Despite its intuitive appeal, however, the approach has serious flaws as an explanation for war. As with the ideological approach, this explanation assumes that the revolutionary state is the principal aggressor. But such an assumption defies simple logic: a state that has just undergone a revolution is rarely ready for war, and it would be foolhardy for its leaders to risk their newly won positions in a test of strength with a foreign power. Although revolutionary regimes may exploit tensions with other states to cement their hold on power, one would expect them to focus primarily on their internal challenges and to try to avoid a direct clash of arms.

The empirical evidence supports this view. Revolutionary leaders often seek at least cordial relations with potential enemies, if only to buy time until they can secure their internal positions.[20] The Bolsheviks, for example, made many concessions to their foreign rivals in an effort to avoid war, and Mao Zedong was extremely reluctant to enter the Korean War for fear of jeopardizing the more important task of national reconstruction.[21] Similarly, Robert Pastor argues that the Sandinistas initially sought a modus vivendi with the United States, a goal the Carter administration shared.[22] Although these revolutionary governments did use external threats to justify their actions and rally popular support, they also tried (unsuccessfully) to avoid conflicts that could jeopardize their hold on power. On both logical and empirical grounds, therefore, domestic politics provides an incomplete explanation for the link between revolution and war.[23]

Revolutionary Personality

A third approach focuses on the personality traits of revolutionary leaders.[24] Its proponents begin by arguing that leaders of revolutions are usu-

[20] For example, Lenin insisted that Soviet weakness left them no choice but to ratify the harsh Treaty of Brest-Litovsk in 1918. See Louis Fischer, *The Life of Lenin* (New York: Harper Colophon, 1964), 190–223; and Lenin, "The Chief Task of Our Day," and "Report on Ratification of the Peace Treaty," in Lenin, *Selected Works* (Moscow: Progress Publishers, 1970), 2:618–21, 626–40.

[21] For other examples of Bolshevik concessions, see Carr (fn. 3), 47, 57, 87–88. On Mao's decisions on Korea, see Melvin Gurtov and Byong-Moo Hwang, *China under Threat: The Politics of Strategy and Diplomacy* (Baltimore: Johns Hopkins University Press, 1980), 25–29.

[22] See Pastor, *Condemned to Repetition: The United States and Nicaragua* (Princeton: Princeton University Press, 1987), 191 and passim.

[23] More extensive efforts to test the hypotheses linking domestic conflict with involvement in war have been largely inconclusive. See Levy (fn. 16, "Causes of Wars"), 273–74.

[24] Basic works in this genre include E. Victor Wolfenstein, *The Revolutionary Personality:*

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ally self-confident, stubborn, suspicious, and ruthless. These traits allegedly make revolutionary leaders difficult to deter and prone to reckless foreign policies, either because they are convinced of their own infallibility or because they repeatedly seek to perform new acts of revolutionary heroism.[25]

This approach is most common in biographies and journalistic accounts; to date, serious scholarship on the "revolutionary personality" has largely ignored issues of foreign policy.[26] Given the inherent weaknesses of this approach, this omission is perhaps not surprising. The main difficulty is the lack of a strong theoretical connection between personality traits and foreign policy preferences. Even if we knew that a leader possessed a "revolutionary personality" (whatever that may be), this knowledge would not tell us very much about his or her choice when facing a specific decision for war or peace. For example, although Robespierre fits the classic profile of a revolutionary leader, he opposed the French declaration of war in 1792.[27] Nor was his opposition unusual. Revolutionary elites frequently disagree about foreign policy, as the Bolsheviks did over the Treaty of Brest-Litovsk with Germany and the merits of "permanent revolution" versus "socialism in one country" and as Iran's leaders did over the export of Islamic fundamentalism, the war with Iraq, or the possibility of seeking improved ties with the West.[28]

In addition, the popular stereotype of revolutionary leaders is often inconsistent: the same revolutionary leaders are sometimes portrayed both as irrational and fanatic and as disciplined, calculating, and crafty.

Lenin, Trotsky, Gandhi (Princeton: Princeton University Press, 1971); Bruce Mazlish, *The Revolutionary Ascetic: Evolution of a Political Type* (New York: Basic Books, 1976); James Haskins, *Revolutionaries: Agents of Change* (Philadelphia: J. B. Lippincott, 1971); and Mostafa Rejai and Kay Phillips, *World Revolutionary Leaders* (New Brunswick, N.J.: Rutgers University Press, 1983). For summaries, see Thomas H. Greene, *Comparative Revolutionary Movements: The Search for Theory and Justice*, 2d ed. (Englewood Cliffs, N.J.: Prentice-Hall, 1984), chap. 4; and Hagopian (fn. 2), 318–33.

[25] See Henry Kissinger, "Domestic Structure and Foreign Policy," in Kissinger, *American Foreign Policy*, expanded ed. (New York: W. W. Norton, 1974), 39–41; John H. Kautsky, "Revolutionary and Managerial Elites in Modernizing Regimes," *Comparative Politics* 1 (July 1969); and Patrick Morgan, *Deterrence: A Conceptual Analysis* (Beverly Hills, Calif.: Sage, 1977), 162.

[26] An exception is Arthur Schlesinger's attempt to attribute the cold war in part to Stalin's paranoid personality, as well as to Leninist ideology and the domestic structure of the Soviet state. See Schlesinger, "The Origins of the Cold War," *Foreign Affairs* 46 (October 1967), 46–50. For background, see also Robert C. Tucker, *Stalin as Revolutionary: A Study in History and Personality, 1879–1929* (New York: W. W. Norton, 1973).

[27] See J. M. Thompson, *Robespierre* (Oxford: Basil Blackwell, 1935), 202–8; and Georges Michon, *Robespierre et la guerre révolutionnaire, 1791–1792* (Paris: Marcel Rivière, 1937), 51–55.

[28] See Carr (fn. 3), 38–39; Ramazani (fn. 11), 47; and Robin Wright, *In the Path of God: The Khomeini Decade* (New York: Simon and Schuster, 1989), 93–95, 136–37.

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In short, this approach seems especially limited as an explanation for why revolutionary states are so war-prone.

Each of these perspectives offers insights into the behavior of revolutionary states—even if the picture is incomplete—and scholars within each of these traditions often recognize the role of other variables. Nonetheless, these approaches focus primary attention on the revolutionary state itself rather than on the larger setting in which foreign policy is made; war is seen to follow more or less directly from the characteristics of the revolutionary regime. But the decision to go to war does not occur in a vacuum; war is ultimately a response to problems that arise *between* two or more states. This suggests that understanding revolution and war requires, instead, an *international-political* perspective that focuses on the relationship between the revolutionary state and the other members of the system. A systemic approach is needed, then, to explain why revolutions lead *both sides* to favor the use of force.

The obvious place to start is realism, and specifically, with balance-of-power theory. In its modern neorealist form, balance-of-power theory ignores the individual characteristics of states and focuses instead on the distribution of capabilities among them. Can balance-of-power theory adequately explain the relationship between revolution and war? If not, can it be improved?

Realism and Revolution

BALANCE-OF-POWER THEORY

Balance-of-power theory assumes that states are essentially rational actors whose primary goal is survival. Because no sovereign authority exists to protect states from each other, international politics is a "self-help" system in which security is the highest goal. As a result, states strive to increase their relative power, provided they can do so without provoking others to respond in ways that will leave them worse off than before.

In the neorealist version of balance-of-power theory, the distribution of power is the primary explanatory variable.[29] Power is conceived in terms of material assets such as population, GNP, military capability, and so forth, and each state's security ultimately depends on its power relative to others. Because war is always a possibility (if at the best of times only a remote one), states compete—and if necessary use force—either to in-

[29] See Waltz (fn. 1), chap. 6. For other versions of balance-of-power theory, see Edward V. Gulick, *Europe's Classical Balance of Power* (New York: W. W. Norton, 1967); Hans J. Morgenthau, *Politics among Nations* (New York: Alfred A. Knopf, 1973); Inis L. Claude, *Power and International Relations* (New York: Random House, 1962); and Morton A. Kaplan, *System and Process in International Politics* (New York: Wiley, 1957).

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crease their own power or to weaken potential rivals. Wars occur because states are tempted to exploit imbalances of power ("windows of opportunity") to improve their positions further. Wars also result from miscalculation; states sometimes go to war because they believe the balance of power is favorable when it in fact is not.[30]

According to this perspective, revolutions cause war in two ways. First, revolutions may alter the balance of power and thus create an opportunity for states to increase their power even more. If a revolution increased a state's relative power, for example, the new regime might try to exploit this advantage by attacking another state. Alternatively, if a state's power is weakened by a revolution, other states might be tempted to improve their own positions at its expense or at the expense of its allies. Second, revolutions also increase the danger of miscalculation, because it is more difficult to predict the outcome of a war after one state has undergone a major political upheaval.

This explanation is an obvious improvement over the unit-level approaches discussed earlier. It correctly emphasizes the importance of security and identifies some of the ways that revolutions make war more likely. It is also consistent with a number of historical cases, such as the Polish and Japanese invasions of the Soviet Union in 1919–20 and the Iraqi invasion of Iran in 1980.

Despite these strengths, balance-of-power theory has two important limitations. First, by itself, a shift in the balance of power could make war either more likely or less likely. If a revolution increased a state's relative power, for example, the state might become more aggressive and thus war would be more likely. But greater power might also make a state more secure and better able to deter attack, which would lower the odds of war. Similarly, although other states might attack a revolutionary state if they thought its power had declined, they might just as easily conclude that it was no longer a threat and turn their attention elsewhere. In short, states will not go to war simply because the balance of power has changed; they must also believe that doing so will make them more secure in the long run.[31]

[30] The importance of miscalculation is apparent in the neorealist analysis of stability. Kenneth Waltz and John Mearsheimer argue that bipolarity is more stable than multipolarity, because increasing the number of great powers makes it more difficult for states to assess the balance of power and predict the likely outcome of war. Similarly, they argue that nuclear weapons increase stability by making it easy to calculate what an all-out war would mean. See Waltz (fn. 1), 163–76; idem, "The Origins of War in Neorealist Theory," in Rotberg and Rabb (fn. 16), 39–52; and John J. Mearsheimer, "Back to the Future: Instability in Europe after the Cold War," *International Security* 15 (Summer 1990), 13–19.

[31] See Robert Gilpin, "Theories of Hegemonic War," in Rotberg and Rabb (fn. 16), 26;

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Second, although balance-of-power theory acknowledges the role of miscalculation as a cause of war, we still need to explain why revolutions make this problem particularly acute. As Geoffrey Blainey points out, wars occur when two or more states disagree about their relative bargaining power; if states could measure each other's power and resolve exactly (and thus predict the outcome of a war in advance), they could adjust their demands accordingly and avoid the inconvenience of fighting.[32] Even if a revolution alters the balance of power significantly, however, an outbreak of war implies that the opponents disagree about the direction or magnitude of the change. In particular, we need to explain why both sides conclude that fighting will improve their relative positions.

BALANCE-OF-THREAT THEORY

These problems can be overcome by abandoning balance-of-power theory in favor of what I call *balance-of-threat* theory. As I have argued elsewhere, balance-of-power theory incorrectly assumes that states respond solely to shifts in the distribution of aggregate power. But it is more accurate to say instead that states respond to threats.[33] Power is an important component of threat, but it is not the only one. In addition, there are two other factors that states consider in gauging their security and deciding whether going to war will enhance it.

First, the greater a state's *offensive power*, the greater the threat it poses to others. Some types of power are more threatening than are others, and states are less secure when the former capabilities are easy to acquire and when others possess them in abundance.[34] Offensive power is usually defined in terms of specific military capabilities (e.g., does technology favor attacking or defending?), but political factors can be equally important. In particular, the ability to undermine a foreign government through propaganda or subversion can be an equally potent form of offensive power. In general, the greater the threat, the larger the incentive for other states to take action (including the use of force) in order to contain or reduce the danger.

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and Jack S. Levy, "Declining Power and the Preventive Motivation for War," *World Politics* 40 (October 1987), 83–86.

[32] See Geoffrey Blainey, *The Causes of War*, 3d ed. (New York: Free Press, 1988), chap. 8.

[33] See Stephen M. Walt, *The Origins of Alliances* (Ithaca, N.Y.: Cornell University Press, 1987), 21–26, 263–66, 275–80; and also idem, "Testing Theories of Alliance Formation: The Case of Southwest Asia," *International Organization* 42 (Spring 1988).

[34] See George Quester, *Offense and Defense in the International System* (New York: Wiley, 1977); Robert Jervis, "Cooperation under the Security Dilemma," *World Politics* 30 (January 1978); Stephen Van Evera, "Causes of War" (Ph.D. diss., University of California, Berkeley, 1984), 77–171; and idem, "The Cult of the Offensive and the Origins of the First World War," *International Security* 9 (Summer 1984).

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Second, the level of threat is also affected by other states' *intentions*. If a state is believed to be unusually aggressive, potential victims will be more willing to use force to reduce its power, to moderate its aggressive aims, or to eliminate it entirely. By contrast, if states view each other's aims as relatively benign, they will be less likely to go to war even when the balance of power is favorable.

By focusing on threats rather than on power alone, balance-of-threat theory provides a more complete explanation of why revolutions increase the likelihood of war. In addition to changing the overall balance of power and making it more difficult for states to measure it accurately, revolutions also reduce each side's ability to assess the other's intentions with confidence. Indeed, revolutions encourage both sides to believe that the other's intentions are even more hostile than they are, and the use of force to reduce or eliminate the threat becomes a more attractive option as a result.

Revolutions also produce a particular form of offensive power, based primarily on each side's fear of ideological subversion. If a revolution embodies novel political ideas, the ruling elites in states whose domestic orders are different may feel that their legitimacy is threatened. At the same time, the revolutionary leaders usually face continued domestic resistance and worry about the possibility of a counterrevolutionary resurgence. Each side thus fears that it is vulnerable to ideological challenge, yet each also tends to believe that its opponents are vulnerable as well. According to balance-of-threat theory, therefore, revolutions make war more likely by increasing perceptions of threat on both sides and by encouraging both sides to believe that the threat will be easy to defeat. The origins of these effects are found in the particular characteristics of revolutionary states and the various ways that revolutions affect each side's ability to evaluate threats and opportunities.

To explain precisely why this occurs, the next section considers how the revolutionary process shapes the belief systems of revolutionary states. The essay then describes why revolutions increase the uncertainty facing both revolutionary and nonrevolutionary states, before turning to a detailed explanation of the linkage between revolution and war.

III. The Revolutionary Process

Revolutions are deadly serious contests for extremely high stakes. The collapse of internal authority places all members of society at risk: until a new order is established, conflicts can be resolved only by tests of strength and no one's interests and safety are assured. Winners will take

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all and losers may lose everything; as a result, mass revolutions are almost always bloody and destructive.[35]

A revolution is more than the replacement of one set of rulers by another: "a complete revolution involves the creation of a new political order."[36] By definition, a revolutionary state rests on new principles of legitimacy, displays new symbols of authority and identity (names, flags, anthems, etc.), adopts new rules for elite recruitment, and creates new political institutions and governmental procedures. In short, revolutions *redefine* the political community within a given territory by creating a "new state" that rests on principles and procedures that are a sharp departure from those of the old regime.

Revolutionary Organizations and the "Free-Rider Problem"

Successful revolutions are rare, because even weak and corrupt states usually control far greater resources than do their internal opponents. In particular, states possess greater access to the means of violence, which they can use to monitor, suppress, or co-opt potential challengers. This advantage is greatest during the early stages of a revolution, when the opposition is weak and isolated and when the armed forces and police are still loyal to the old regime.[37] It is thus not surprising that most revolutionary movements die rapid and obscure deaths. Indeed, it is perhaps more surprising that any ever succeed.

The inherent difficulty of overthrowing an existing state is compounded by the "free-rider" problem.[38] Because the alleged benefits of a successful revolution are collective goods that are in theory available to all, individual citizens can benefit from a revolution even if they have done nothing to help bring it about. Moreover, each individual's contribution is too small to affect the outcome, so a rational actor would inevitably choose to free ride rather than incur the risks and costs of joining a revolutionary movement.[39] Indeed, if people were motivated solely by

[35] Note the following death tolls in modern revolutions: France, 15,000 dead; Russia, 500,000; China, 3 million; Cuba, 5,000; Iran, 17,000; Mexico 250,000; Nicaragua, between 30,000 and 50,000. See Melvin Small and J. David Singer, *Resort to Arms: International and Civil Wars, 1816–1980* (Beverly Hills, Calif.: Sage, 1982).

[36] See Huntington (fn. 4), 266.

[37] Indeed, some theorists assert that it is impossible for a revolution to succeed so long as the armed forces retain their loyalty and cohesion. See Katherine C. Chorley, *Armies and the Art of Revolution* (London: Faber and Faber, 1943). For additional background, see Adelman (fn. 7).

[38] On the free-rider problem, see Mancur Olson, *The Logic of Collective Action* (Cambridge: Harvard University Press, 1971). For extensions and revisions of Olson's arguments, see Russell Hardin, *Collective Action* (Baltimore: Johns Hopkins University Press/Resources for the Future, 1982).

[39] Works that apply collective-goods theory to the study of revolution include Samuel Popkin, *The Rational Peasant: The Political Economy of Rural Society in Vietnam* (Berkeley:

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narrow self-interest and guided by a completely objective assessment of costs and benefits, revolutions would be largely impossible, for lack of willing participants.[40]

Drawing in part on collective-goods theory, several scholars have suggested that revolutionary movements overcome the free-rider problem either by offering positive inducements or by threatening negative sanctions.[41] Yet this explanation is only partly satisfying. Although the ability to provide specific incentives (for example, food, protection from landlords, rural organization) may help convince uncommitted individuals to support a revolutionary movement, these benefits do not explain how the organization gets started in the first place (i.e., before it was able to provide these benefits) or why individuals will risk their lives to expand the movement. Given the high probability of failure and the risks that revolutionaries face (imprisonment, exile, death), the payoffs would have to be enormous to make joining a revolutionary movement a rational choice.[42] And testimony from several revolutionary leaders suggests that they did not expect to be rewarded at all.[43] Thus, the puzzle remains: how are individuals persuaded to bear the costs and risks of revolutionary activity, and how do they sustain their commitment in the face of prolonged uncertainty, danger, and other difficulties?[44]

University of California Press, 1979); Michael Taylor, "Rationality and Revolutionary Collective Action," in Taylor, ed., *Rationality and Revolution* (Cambridge: Cambridge University Press, 1988), 63–97; Gordon Tullock, "The Paradox of Revolution," *Public Choice* 11 (Fall 1971); Philip G. Roeder, "Rational Revolution: Extensions of the 'By-Product' Model of Revolutionary Involvement," *Western Political Quarterly* 35 (March 1982); Morris Silver, "Political Revolution and Repression: An Economic Approach," *Public Choice* 17 (Spring 1974); and Edward N. Muller and Karl-Dieter Opp, "Rational Choice and Rebellious Collective Action," *American Political Science Review* 80 (June 1986).

[40] See Muller and Opp (fn. 39), 472.

[41] See Jeffrey Race, "Toward an Exchange Theory of Revolution," in John Wilson Lewis, ed., *Peasant Rebellion and Communist Revolution in Asia* (Stanford, Calif.: Stanford University Press, 1974); Joel S. Migdal, *Peasants, Politics and Revolution* (Princeton: Princeton University Press, 1974); and the references in fn. 39.

[42] As Charles Tilly notes, "Why and how . . . the group committed from the start to fundamental transformation of the structure of power . . . forms remains one of the mysteries of our time." See Tilly, *From Mobilization to Revolution* (New York: Random House, 1978), 203.

[43] Revolutionaries are often surprised when they gain power, which suggests that they were not motivated by expectations of personal future gain. Lenin told a socialist youth group in January 1917 that "we of the older generation may not live to see the decisive battles of this coming revolution"; the Sandinista leader Daniel Ortega admitted that as late as July 1979 he did not expect to see the revolution succeed in Nicaragua; and the Ayatollah Khomeini was reportedly surprised by the speed with which the Shah's regime collapsed. See William Henry Chamberlain, *The Bolshevik Revolution* (Princeton: Princeton University Press, 1987), 1:131, 323; Pastor (fn. 22), xiv; and Marvin Zonis, "Iran: A Theory of Revolution from Accounts of the Revolution," *World Politics* 35 (July 1983), 602.

[44] In the words of Douglass North: "How do we account for . . . the willingness of people to engage in immense sacrifice with no evident possible gain (the endless parade of individ-

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Part of the answer lies in the recognition that revolutionary action is motivated as much by moral commitment as by narrow self-interest.[45] Those who approach the abolition of the present order as a moral imperative will view the promise of individual benefits as secondary or irrelevant.[46] Furthermore, perceptions of costs and benefits ultimately rest on subjective beliefs about the consequences of different choices; if individuals *believe* that a revolution is possible and will bring great benefits—irrespective of the true possibilities—they will be more likely to support it, particularly if they also believe that success requires their participation.[47] Revolutionary movements therefore try to convince potential members (1) that seeking to overthrow the existing order is the morally correct position, (2) that doing so will bring significant benefits, and (3) that the probability of success is high.[48] Persuading the uncommitted and reassuring existing members of these "facts" is a principal function of a revolutionary ideology.

Revolutionary Ideologies

An ideology is a normative theory of action. Ideologies "explain" prevailing social conditions and provide guidelines for how individuals should react to them. In nonrevolutionary societies, for example, the dominant ideology helps discourage disobedience and free riding (such as tax evasion) by persuading citizens "to conceive of justice as coextensive with the existing rules, and accordingly, to obey them out of a sense of morality." Ideology improves efficiency by reducing the "enforcement costs" of obtaining support for the prevailing order. By contrast, "the objective of a successful counter-ideology is to convince people not only that the observed injustices are an inherent part of the system but also that a just system can come about only by active participation of individ-

uals and groups who have incurred prison or death for abstract causes)?" See North, *Structure and Change in Economic History* (New York: W. W. Norton, 1981), 10–11.

[45] See James Rule, *Theories of Civil Violence* (Berkeley: University of California Press, 1988), 35, 39. For a more general discussion of these issues, see Jon Elster, *The Cement of Society: A Study of Social Order* (Cambridge: Cambridge University Press, 1989), chap. 5.

[46] For example, see the description of Lenin's "intense faith" in Marxism in Chamberlain (fn. 43), 1:135, 140.

[47] This argument is consistent with recent sociological research suggesting that political organizations encourage collective action by promoting particular beliefs about the seriousness of the problem, the locus of causality or blame, the image of the opposition, and the efficacy of collective response. See David A. Snow et al., "Frame Alignment Processes, Micromobilization, and Movement Participation," *American Sociological Review* 51 (August 1986).

[48] Thus, Sandinista leader Humberto Ortega admitted to deliberately exaggerating the feasibility of revolution: "Trying to tell the masses that the cost was very high and that they should seek another way would have meant the defeat of the revolutionary movement." See Tomas Borge et al., *Sandinistas Speak* (New York: Pathfinder Press, 1982), 70–71.

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uals in the system."[49] Revolutionary ideologies critique the present system (as Marx's analysis of capitalism did) and offer a strategy for replacing it with some morally preferable order.[50] In short, ideology serves "to energize groups to behave contrary to a simple, hedonistic individual calculus of costs and benefits . . . since neither maintenance of the existing order nor its overthrow is possible without such behavior."[51] To this end, revolutionary ideologies tend to emphasize three key themes.

"ENEMIES ARE EVIL AND INCAPABLE OF REFORM"

Revolutionary groups usually portray their opponents as intrinsically evil and incapable of meaningful reform: if the current system is unjust and cannot improve, then efforts at compromise are doomed, leaving revolution as the only morally possible alternative. Lenin broke with the "Economists" in Russia and with Social Democrats like Karl Kautsky over the possibility of reforming tsarism and capitalism, and Mao Zedong told his followers that " 'imperialism is ferocious.' . . . [I]ts nature will never change, the imperialists will never lay down their butcher knives, . . . they will never become Buddhas."[52] Similarly, the Ayatolloh Khomeini opposed compromise with the Shah by warning Iranians that "if you give this fellow a breathing spell, neither Islam nor your country nor your family will be left for you. Do not give him the chance; squeeze his neck until he is strangled."[53] In each case reform and compromise were rejected in favor of a radical solution.

"VICTORY IS INEVITABLE"

Unless potential supporters believe their sacrifices will eventually bear fruit, a revolutionary movement will not get very far. Revolutionary ideologies are thus inherently optimistic: they invariably portray victory as inevitable despite what may appear to be the overwhelming odds against

[49] North (fn. 44), 53–54.

[50] According to Mark Hagopian, "There are three structural aspects of revolutionary ideology: *critique*, which lays bare the shortcomings of the old regime; *affirmation*, which suggests or even spells out in detail that a better society is not only desirable, but possible; and in recent times, *strategic guidance*, which tells the best way to make a revolution." See Hagopian (fn. 2), 258.

[51] See North (fn. 44), 53–54.

[52] See Carr (fn. 3), 1:11; and Mao Zedong, "Cast Away Illusions, Prepare for Struggle," in Mao Zedong, *Selected Works of Mao Tse-Tung* (Peking: Peking Languages Press, 1961), 4:428. After gaining power, Lenin argued that "the [imperialists'] striving to take advantage of every opportunity to attack Russia is incorrigible." Quoted in Leites (fn. 10), 406.

[53] Quoted in Arjomand (fn. 18), 102. See also Nikki Keddie, *Roots of Revolution: An Interpretation of the History of Modern Iran* (New Haven: Yale University Press, 1981), 207. Ramazani argues that Khomeini's hostility toward the United States and the Soviet Union was based in part on his belief that conflict with these adversaries was both desirable and impossible to avoid. See Ramazani (fn. 11), 20–21.

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it. Furthermore, the ideology may reinforce this belief by invoking irresistible or divine forces to justify faith in victory. Marxists, for example, saw the "laws" of capitalist development as leading inexorably toward proletarian revolution and the emergence of socialism. Khomeini and his followers rested their optimism on religious faith. Revolutionaries may also invoke the successes of earlier movements to sustain confidence in their own efforts; thus, the Sandinistas saw Castro's victory in Cuba as evidence that their own efforts in Nicaragua could succeed.[54]

Optimism can also be encouraged by depicting one's enemy as a paper tiger. Mao Zedong argued, for example, that "reactionaries" were "paper tigers" who "in appearance . . . are terrifying but in reality . . . are not so powerful," and Marshal Lin Biao asserted that "U.S. imperialism is stronger, but also more vulnerable, than any imperialism of the past."[55] Lenin's assessment of imperialism was similar: as the "highest stage of capitalism," imperialism contained both the power to dominate the globe *and* the seeds of its inevitable destruction at the hands of the proletariat.[56] The method is an obvious way to sustain commitment: however hopeless things appear to be, success is nevertheless assured if only the revolutionary forces persevere.

At the same time the real difficulties of the struggle demand that revolutionary movements temper their optimism: even if victory is inevitable, for instance, it still requires heroic effort and repeated sacrifice. Thus, Khomeini argued that "it is only through the active, intentional pursuit of martyrdom that unjust rulers can be toppled," and Lin Biao reminded his readers that although U.S. imperialism was vulnerable, "the task of the national-democratic revolution can be fulfilled only through long and torturous struggles."[57] Similarly, Mao Zedong warned his followers to "despise the enemy strategically while taking full account of him tactically," meaning that overcoming the enemy would require careful preparation and repeated sacrifice but that victory was assured

[54] See the testimony in Gilbert (fn. 19), 5, 56.

[55] See Van Ness (fn. 3), 40–41; and Lin Biao, "Long Live Victory in the People's War," in Samuel B. Griffith, ed., *Peking and People's War* (New York: Praeger, 1966), 101.

[56] See V. I. Lenin, *Imperialism: The Highest Stage of Capitalism*, in Lenin (fn. 20), 1:675, 745–68. Asked what he would do if he gained power, Lenin replied, "We would at once systematically start to incite rebellion among all the peoples now oppressed . . . [and] raise in rebellion the socialist proletariat of Europe." Quoted in Theodore H. von Laue, "Soviet Diplomacy: G. V. Chicherin, People's Commissar for Foreign Affairs, 1918–1930," in Gordon A. Craig and Felix Gilbert, eds., *The Diplomats, 1919–1939* (Princeton: Princeton University Press, 1953), 236. See also Carr (fn. 3), 3–4, 7.

[57] See Zonis and Brumberg (fn. 11), 27–28; and Lin Biao (fn. 55), 97. Such beliefs nicely counter the free-rider problem: if potential members were convinced that victory was inevitable regardless of whether they joined or not, the temptation to free ride would increase.

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because the enemy was vulnerable.[58] Lenin similarly warned his followers against overconfidence; victory, though assured, could not be won without setbacks and tactical retreats along the way.[59]

Thus, the worldview of most revolutionary movements betrays a tension between optimism and prudence. An important question, therefore, is which of these tendencies exerts the greater influence on the perceptions and behavior of the new state. The history of the movement may play a role in this regard; if the path to power is short and smooth, then the optimistic aspects of the ideology are likely to be reinforced. By contrast, when power comes in the wake of a protracted struggle, the revolutionary leaders are more likely to be aware of potential pitfalls and thus more likely to behave with restraint.

"OUR REVOLUTION HAS UNIVERSAL MEANING"

Although exceptions do exist (such as Kemalist Turkey, revolutionary Mexico, or the Meiji restoration in Japan), the ideologies of most revolutionary states contain strong "universalist" themes. Specifically, the principles of the revolution are believed to apply to other societies as well. In the extreme case, the ideology may go so far as to reject the nation-state as a legitimate political unit and call for the eventual elimination of the state-system itself.

During the French Revolution, for example, the prowar faction led by Brissot de Warville called for a "universal crusade of human liberty," arguing that the "liberty of the entire world" was worth a few thousand deaths.[60] Orthodox Marxists saw the "inevitable" triumph of socialism as a worldwide process that would bring about a classless, stateless commonwealth of peace. Chinese officials emphasized that "world revolution relies on the thought of Mao Tse-tung. . . . [It] belongs not only to China but also has its international implications."[61] And Khomeini's version of Shiite theology foresaw the eventual establishment of a global

[58] See Van Ness (fn. 3), 40–41. On another occasion Mao told his followers that imperialism was "rotten and had no future," and "we have reason to despise them." Yet he also cautioned that "we should never take the enemy lightly . . . and [should] concentrate all our strength for battle." See Mao Zedong, "On Some Important Problems of the Party's Present Policy," in Mao Zedong (fn. 52), 4:181; and Tsou and Halperin (fn. 15), 89.

[59] In "Leftwing Communism," Lenin warned that "we may suffer grave and sometimes even decisive defeats. . . . If, however, we use all the methods of struggle, victory will be certain." See Lenin (fn. 20), 3:410–11. At the Eighth Party Conference in 1919, he stated, "As long as we have not yet achieved full victory, reversals of the situation are possible and hence not even the smallest doubt or lightmindedness can be tolerated." Quoted in Leites (fn. 10), 442.

[60] See T. C. W. Blanning, *The French Revolution in Germany: Occupation and Resistance in the Rhineland, 1792–1802* (London: Oxford University Press), 63; and Blanning (fn. 3), 111.

[61] Quoted in Tsou and Halperin (fn. 15), 82.

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Muslim community (*ummah*) following the abolition of the "un-Islamic" nation-state system.[62]

That revolutionary ideologies tend to include universalist elements should not come as a surprise. Such views promise adherents an additional reward for their sacrifices: a revolution is good not only for one's own country, but it will be beneficial for others as well. Moreover, if the failures of the old regime are the result of external forces (such as "capitalist imperialism"), then action beyond one's own borders may be necessary to eliminate these evils once and for all. Finally, in order to attract popular support, revolutionary ideologies tend to portray new political ideas as self-evident truths—which creates a bias toward universalism. How, that is, can a self-evident political principle be valid for one group but not for others? Could the Jacobins argue that the Rights of Man applied only to Frenchmen?[63] Could Marx's disciples in the Soviet Union claim that his "laws of history" were valid in Russia alone? Could the Iranian revolutionaries argue that an Islamic republic was essential for Persians but not for other Muslims?

CAVEATS

These ideological themes are neither necessary nor sufficient conditions for revolutionary success, and one or more of these elements may be missing in certain cases. Nor do revolutions occur whenever some group adopts these ideological formulas; the likelihood of a successful revolution is also affected by a host of other domestic and international conditions, including the challengers' ability to provide material benefits to their followers.[64] Still, it is hard to imagine a mass revolution succeeding without an ideological program that both justified revolt and gave participants some reason to believe they would win.[65] Indeed, it is a striking fact that the ideological programs of revolutionary movements as varied as those of the American Founding Fathers, the Russian and Chinese communists, or the Iranian fundamentalists all incorporated variations on these three principles. In short, although the inherent difficulty of revolution and the logic of the free-rider problem do not require that revolutionary movements adopt the ideological formulas outlined above,

[62] See Ramazani (fn. 11), 19–21; and Zonis and Blumberg (fn. 11), 6, 24.

[63] See Simon Schama, *Citizens: A Chronicle of the French Revolution* (New York: Alfred A. Knopf, 1989), 592.

[64] See Migdal (fn. 41), 226–56; and Theda Skocpol, "What Makes Peasants Revolutionary?" *Comparative Politics* 14 (April 1982).

[65] According to Franz Borkenau: "If violence is the father of every great upheaval, its mother is illusion. The belief which is always reborn in every great and decisive historical struggle is that this is the last fight, that after this struggle all poverty, all suffering, all oppression will be a thing of the past." See Borkenau (fn. 4), 74–75.

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such beliefs are likely to give them an advantage over rivals who lack a similar set of ideas.

Of course, revolutionary ideologies should not be seen as wholly different from other forms of political belief. In fact, they are usually just a more extreme version of the patriotic ideals that established regimes use to encourage individual sacrifice. Just as revolutionary movements encourage similar sacrifices through the ideological themes described above, so states at war portray their enemies as evil, victory as certain, and their own goals as pure and idealistic (e.g., "to make the world safe for democracy," "to promote a new world order"). But because the risks are great and the odds of success are low, revolutionary movements are likely to indoctrinate members even more enthusiastically than most states do.

Revolutions and Uncertainty

Revolutions increase the level of uncertainty in the international system. First, after a revolution neither side can reliably estimate the other's intentions. Without a record of past behavior to guide them, other states cannot know whether prior agreements will be honored; thus, important commitments and understandings are called into question as soon as the new leaders take power. Second, revolutions also magnify uncertainties about the balance of power. The chaos that accompanies a revolution reduces the state's capabilities in certain respects, but the new regime may be more effective in mobilizing national resources than its predecessor was. Because the magnitude of these different effects cannot be known in advance—particularly when the new regime represents a radical departure from the old order—neither side is able to gauge their relative capabilities with much confidence.

Third, revolutions also damage the normal channels of communication between states precisely when the need for accurate information is greatest; this makes it more difficult for them to understand the information they do have. Diplomatic representatives are often withdrawn or replaced and intelligence networks are disrupted, which makes it more difficult for each side to determine what the other is doing and why. After the Bolshevik Revolution, for example, the U.S. diplomatic staff left Moscow and had only irregular contact with the Soviet leadership, leaving officials in Washington to rely on conflicting reports from a variety of unofficial sources.[66] In the same way, the revolutionary govern-

[66] The confusion resulting from lack of information and communication is a recurring theme in George F. Kennan, *Soviet-American Relations, 1917–1920*, 2 vols. (Princeton: Princeton University Press, 1956 and 1958).

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ment usually lacks adequate facilities and trained diplomatic personnel, which cripples its ability to evaluate the conduct of others and to communicate its own intentions accurately. These problems foster miscalculation and misperception and thereby create an environment conducive to conflict and war.

IV. Why Revolutions Cause War

Revolutions and the "Spiral Model"

In anarchy, actions that one state takes to increase its security—such as expanding its military forces—tend to reduce the security of other states.[67] In addition, these actions may lead others to infer that the state in question has aggressive intentions, thereby increasing their own perceptions of threat even more. Thus, two or more states will exaggerate each other's aggressiveness if they fail to understand the defensive motivations behind the other side's behavior. This process—which Robert Jervis has termed the "spiral model"—makes war more likely by making compromise appear less feasible and by encouraging both sides to search for a way to eliminate the threat entirely.[68] "Spiraling" is especially common after a revolution.

Why revolutionary states tend to "spiral"

Revolutionary states are prone to spiral for several reasons. First, a revolutionary regime will be unsure about the intentions of other states simply because it has little or no direct experience in dealing with them. Lacking direct evidence, it falls back on ideology, and, as discussed above, the ideology of most revolutionary movements portrays opponents as hostile.[69] Thus, even a mild diplomatic dispute is likely to escalate and concessions may be viewed with suspicion, because conflict is seen as inevitable and because compromise is viewed as naïve or even dangerous.

Second, a revolutionary movement may harbor suspicions based on its

[67] This is the familiar "security dilemma" identified in John H. Herz, "Idealist Internationalism and the Security Dilemma," *World Politics* 2 (January 1950). See also Jervis (fn. 34).

[68] See Jervis, *Perception and Misperception in International Politics* (Princeton: Princeton University Press, 1976), chap. 3; and Richard Moss, "The Limits of Policy: An Investigation of the Spiral Model, the Deterrence Model, and Miscalculations in U.S.–Third World Relations" (Ph.D. diss., Princeton University, 1987).

[69] Thus, at the end of World War I, Lenin immediately predicted that "world capital will now start an offensive against us." Quoted in Chamberlain (fn. 43), 2:155–56. He also told the Third Comintern Congress in June 1921 that "the international bourgeoisie . . . is waiting, always on the lookout for the moment when conditions will permit the renewal of this war [with the Soviet Union]." Quoted in Leites (fn. 10), 405.

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own experience. Eager to redress past wrongs (as is often the case), the revolutionary movement will be especially wary of any foreign powers that it sees as responsible for them. Thus, Mao Zedong's suspicions of the United States were based in part on past Western interference in China, and revolutionary forces in Mexico, Nicaragua, and Iran were preoccupied with the possibility of U.S. intervention for much the same reason.[70]

Under such circumstances revolutionary regimes tend to assume the worst about other states and to interpret ambiguous or inconsistent policies in a negative light: threats or signs of opposition confirm the hostile image, whereas concessions or signs of approval are seen as insincere gestures masking the opponent's true (hostile) intentions.[71] And indeed, the policies of other states are virtually certain to be ambiguous, if only because it takes time for those states to decide how to respond to the new situation. This problem is compounded by the difficulty in understanding how a new political order works, by ignorance about the beliefs and background of the new regime, and by the absence of reliable information that accompanies a revolution.[72] Even when foreign powers are not especially hostile, therefore, some of their actions and statements will reinforce the suspicions of the revolutionary regime.

Third, spiraling is more likely if the elite (or a faction within it) exaggerates a foreign threat in order to improve its internal position, that is, by rallying nationalist support for the new leaders or to justify harsh measures against internal opponents. Such efforts are especially effective when there is some truth to the accusations, for example, if foreign powers had been allied with the old regime and if they are clearly suspicious of the new government. This tactic can be dangerous if it magnifies a conflict that might otherwise have been avoided or minimized. The risk can be contained, however, if the revolutionary elite remains aware that it is engaging in a purely domestic gambit, so that its actual policy deci-

[70] See Mao Zedong, "Friendship or Aggression?" in Mao Zedong (fn. 52), 4:447–50; Gilbert (fn. 19), 153–75; and James A. Bill, *The Eagle and the Lion: The Tragedy of American-Iranian Relations* (New Haven: Yale University Press, 1988), 96–97.

[71] On the tendency to fit ambiguous information into existing beliefs, see Jervis (fn. 68), 143–54.

[72] For example, ignorance of internal politics in France was an important cause of the war of 1792. Following the royal family's failed escape attempt in June 1791, Emperor Leopold of Austria warned the French Assembly not to harm Louis XVI and his family. In September, Louis' acceptance of the new constitution gave moderate forces in the Assembly temporary ascendancy over the radical factions. This development was due primarily to events in Paris, but Leopold mistakenly saw it as a direct result of his threats. When he tried to repeat the maneuver by issuing another warning in December, he merely discredited the moderates and helped bring the prowar Brissotin faction to power. See Blanning (fn. 3), 86, 89, 102–3.

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sions are based on its true assessment of others' intentions rather than on the myth it has manufactured.

But maintaining such fine control is difficult. Although their creators may know that these are myths, the campaign may be so convincing that it becomes the basis for policy. Moreover, efforts to enhance domestic support by exaggerating external threats can be self-fulfilling: if foreign powers do not recognize the real motive behind such a campaign, they may take the revolutionary state's accusations and threats seriously. And if they then react defensively—as one would expect—it will merely confirm the bellicose image that others already hold.

WHY FOREIGN POWERS SPIRAL WITH REVOLUTIONARY STATES

Other states contribute to the spiral of hostility as well, by failing to understand that each side will inevitably hold to its own version of history—all states after all tend to view their own history in a favorable light. The revolutionary state will naturally emphasize past injustices, such as resentment over foreign interference. But foreign powers will not understand why the new regime sees them as objects of hatred and suspicion and will view the regime's defensive responses as evidence of its aggressive intentions.[73] For example, U.S. Secretary of State Dean Acheson saw Chinese intervention in the Korean War as evidence of communist expansionism and Soviet control, claiming that "no possible shred of evidence could have existed in the minds of the Chinese Communist authorities about the [peaceful] intentions of the forces of the United Nations." Like most Americans, Acheson believed that U.S. policy in the Far East had been in China's best interest. As a result, he failed to recognize how negative an image Western actions in the Far East had produced in the minds of China's new leaders.[74] Similar problems afflicted U.S. relations with Castro: because U.S. leaders such as President Dwight D. Eisenhower believed that U.S. policy had been beneficial for Cuba, they saw Castro's hostility as unjustified aggression rather than as an understandable reaction to past U.S. behavior.[75] Even where legitimate grounds for conflict exist (as they did in both these cases), ignorance of the historical basis for suspicion encourages the foreign powers to exaggerate the bellicosity of the revolutionary state.

Foreign powers may also spiral if the new regime's domestic programs

[73] On the tendency of states to distort their own history, see Van Evera (fn. 34, diss.), 399–451.

[74] See Richard Ned Lebow, *Between Peace and War: The Nature of International Crisis* (Baltimore: Johns Hopkins University Press, 1981), 205–16; Jervis (fn. 68), 70–72.

[75] See Richard Welch, *Response to Revolution: The United States and the Cuban Revolution, 1959–1961* (Chapel Hill: University of North Carolina Press, 1985), 41.

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affect their interests adversely. This situation is already a legitimate basis for conflict, but, as discussed above, the threat will be magnified if actions taken for internal reasons are also viewed as evidence of aggressive intentions. In hopes of obtaining diplomatic or military support, groups whose interests are affected (such as foreign corporations whose assets have been seized) may try to convince their home governments that the new regime is a threat to national security. Thus, Castro's land reform program exacerbated the spiral of hostility between the Untied States and Cuba, and Arbenz's land reforms in Guatemala led the United Fruit Company to organize a public relations campaign that provided the backdrop for the U.S.-led coup that overthrew him.[76]

EXACERBATING FACTORS

To make matters worse, revolutions alter relations between states in several other ways that encourage exaggerated perceptions of hostility. First, each side tends to underestimate the other's sense of vulnerability. In addition to the burdens of organizing a government and rebuilding a damaged society, revolutionary states often face continued domestic opposition.[77] Fearful that their hold on power is precarious, they are more likely to overreact to threats.[78] Despite this sense of vulnerability, however, revolutionary states attempt to portray themselves as firmly in control, in order to discourage counterrevolution at home and to attract recognition abroad. If this public relations effort is successful, other states will underestimate the extent to which the revolutionary state is driven by insecurity and will view its defensive actions as a sign of aggressive intent rather than as a reaction to legitimate fears. Furthermore, other states may not recognize that a new regime must build a reputation for defending its interests in order to deter future challenges and that this motive will encourage them to respond vigorously to challenges.

The reverse may occur as well. Fully aware of their own weaknesses, revolutionary states may find it hard to understand why others view

[76] On Cuba, see Moss (fn. 68), 160–64, 193–94. On Guatemala, see Richard H. Immermann, *The CIA in Guatemala: The Foreign Policy of Intervention* (Austin: University of Texas Press, 1982); and Stephen Schlesinger and Stephen Kinzer, *Bitter Fruit: The Untold Story of the American Coup in Guatemala* (Garden City, N.Y.: Anchor Books, 1983).

[77] One Chinese source reports as many as 400,000 counterrevolutionary "bandits" remaining in China in 1950. See Gurtov and Hwang (fn. 21), 31. The French revolutionaries faced numerous uprisings and a civil war in the Vendée, and the Iranian, Bolshevik, Ethiopian, Nicaraguan, and Cuban revolutions were also characterized by lingering internal violence after the seizure of power.

[78] As George Pettee once observed, "Revolutionists enter the limelight, not like men on horseback, as victorious conspirators appearing in the forum, but like fearful children, exploring an empty house, not sure that it is empty." See Pettee, *The Process of Revolution* (New York: Harper, 1938), 100–101.

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them as dangerous.[79] Accordingly, they may view the opposition of other states as evidence of intrinsic hostility rather than as a response to the revolutionary state's own actions. Foreign powers will be concerned with building a reputation as well, in order to teach the new regime that they cannot be exploited. Both sides, then, may interpret even purely defensive policies as signs of aggressive intent (which is not to deny that there may also be real conflicts of interest).

A second exacerbating factor is the pernicious influence of exiles.[80] Revolutions invariably produce a large population that flees to escape its consequences. Many are supporters or members of the old regime and are likely to be hostile to the revolutionary government and eager to return to power. They tend to settle in countries that are sympathetic to their plight and try to obtain foreign assistance for their counterrevolutionary efforts. To this end, they portray the new regime as a grave threat to other states and characterize it as illegitimate and unpopular (and therefore vulnerable to counterrevolutionary action). Moreover, despite their obvious biases, émigrés are often seen as experts on conditions in their home country. As a result, their testimony is likely to be overvalued, particularly when other sources of information are scarce. The more credence they are given, the more they will shift attitudes in the host country against the revolutionary regime.[81] Thus, during the French Revolution émigrés from France and its "satellite republics" purveyed a variety of myths about the aggressive ambitions of the revolutionaries and were at least partly successful in stoking foreign suspicion of the revolutionary government.[82] More recently, Cuban, Iranian, and Nica-

[79] As Lenin told the Tenth Party Congress in 1921, "For a long time we are condemned merely to heal wounds." Quoted in Chamberlain (fn. 43), 2:446.

[80] See Yossi Shain, *The Frontier of Loyalty: Political Exiles in the Age of the Nation-State* (Middletown, Conn.: Wesleyan University Press, 1989).

[81] This is hardly a new phenomenon. In the sixteenth century, Machiavelli observed:

> How vain the faith and promises of men are who are exiles from their own country. As to their faith, . . . whenever they can return to their country by other means than your assistance, they will abandon you and look to the other means, regardless of their promises to you. And as to their vain hopes and promises, such is their extreme desire to return to their homes that they naturally believe many things that are not true, and add many others on purpose; so that, with what they really believe and what they say they believe, they will fill you with hopes to that degree that if you attempt to act upon them, you will incur a fruitless expense, or engage in an undertaking that will involve you in ruin.

See Niccolò Machiavelli, *The Prince and the Discourses*, trans. Luigi Ricci and rev. E. R. P. Vincent (New York: Modern Library, 1950), 388–89.

[82] See Jacques Godechot, *The Counter-Revolution: Doctrine and Action, 1789–1804* (Princeton: Princeton University Press, 1971), chap. 9; and R. R. Palmer, *The Age of the Democratic Revolution: A Political History of Europe and America*, 2 vols. (Princeton: Princeton University Press, 1959 and 1964), 2:556–58, 568.

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raguan émigrés in the United States have used domestic myth making and political lobbying to reinforce U.S. opposition to these revolutionary regimes.[83] And the more visible and vocal such groups are, the greater the tendency for the revolutionary state to conclude that the host country supports the counterrevolutionary aims of the expatriates.

The same process occurs in reverse, of course: revolutionary sympathizers flock to the new capital after the revolution, either to learn from its experiences, to provide direct support, or to obtain assistance for their own struggles back home.[84] Like the émigrés, these groups portray their home countries as both hostile and ripe for revolution, in order to obtain external support for their efforts. Even if the new regime declines to support them, other states will view their presence in the revolutionary capital as evidence that the new regime seeks to spread its ideals abroad. Taken together, the parallel migration of counterrevolutionary émigrés and prorevolutionary sympathizers and the testimony they provide to their hosts reinforces each side's perceptions of the other's hostility.

A third exacerbating factor is the loss of expertise that accompanies a revolution. Not only are many revolutionary elites poorly prepared for running a government and managing its diplomacy, but revolutionary governments also often purge individuals with close ties to potential enemies.[85] Thus, the Iranian revolutionaries removed officials with close ties to the United States, and the communist Chinese persecuted their own "America hands" in the 1950s. Ironically, as the treatment of the State Department's "China hands" suggests, the same process may occur within other states as well.[86] By removing experienced individuals, each side further reduces its capacity to understand the other. Thus, the per-

[83] On Iran, see Bill (fn. 70), 276–77. On Cuba, see Phillip Brenner, *From Confrontation to Negotiation: U.S. Relations with Cuba* (Boulder, Colo.: Westview, 1988), 71–75; and Joan Didion, *Miami* (New York: Simon and Schuster, 1987). Additional research on the lobbying activities of exiles is badly needed.

[84] Examples are ubiquitous: Thomas Paine traveled to France in the 1790s, along with would-be revolutionaries from the rest of Europe, and socialists such as John Reed, Louise Bryant, and Emma Goldman journeyed to Russia following the Bolshevik seizure of power in 1917. Havana, Tehran, and Managua have been minor meccas for foreign revolutionary elites as well.

[85] As Lenin once admitted, the Bolsheviks' main deficiencies were "lack of culture and that we really do not know how to rule." Quoted in Dunn (fn. 4), 47. In November 1918 he declared, "We are not often short of propagandists, but our most crying shortage is the lack of efficient leaders or organizers." Quoted in Piero Melograni, *Lenin and the Myth of World Revolution* (Atlantic Highlands, N.J.: Humanities Press International, 1989), 1. See also Chamberlain (fn. 43), 1:351.

[86] The "China hands" were a group of China experts accused of disloyalty and purged from the State Department during the McCarthy era. See Michael Schaller, *The United States and China in the Twentieth Century* (New York: Oxford University Press, 1979), 130; and E. J. Kahn, Jr., *The China Hands: America's Foreign Service Officers and What Befell Them* (New York: Random House, 1975).

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sonnel changes set in motion by a revolution exacerbate the prevailing uncertainty and reinforce suspicion on both sides.

To summarize: revolutions unleash a variety of forces that make it more difficult for the revolutionary state and its neighbors to assess each other's intentions accurately. Both sides lack information, and each is likely to view the other as more hostile than it really is. Such a conclusion makes it more difficult for them to reach a satisfactory modus vivendi and strengthens the position of those who favor direct action to eliminate the threat.

The tendency for spiraling does not explain why *war* occurs, however. After all, the United States and the Soviet Union were extremely hostile throughout much of the cold war, but neither saw war as an attractive option for dealing with the other. Thus, the final question to consider is why war is seen as a reasonable response.

Offense, Defense, Revolution, and War

Other things being equal, war is more likely when national leaders believe that offense is easier than defense. When offense is easy, all states are less secure (i.e., the overall level of threat is higher) and will be more strongly motivated to find a way to improve their positions. At the same time, using force promises greater benefits because it offers the possibility of winning a decisive victory over one's opponents. The result is increased international competition and a greater risk of war.[87]

This general hypothesis helps explain why revolutions lead to war. In addition to creating exaggerated perceptions of hostility, revolutions also encourage both sides to exaggerate both their own vulnerability and the vulnerability of their opponents. This tendency is partly due to the inherent difficulty of estimating the balance of power after a revolution, which makes it more likely that both sides will exaggerate their military prospects. Furthermore, perceptions of vulnerability are increased by fears that the revolution will either spread to other countries or readily succumb to counterrevolutionary pressure. For both military and political reasons, therefore, revolution heightens each side's sense of threats and opportunities.

Taken together, these factors encourage both parties to believe that the other presents a grave threat, yet they also encourage the belief that the threat can be eliminated fairly easily. Once again, these dynamics are best understood by examining revolutionary states and foreign powers separately.

[87] See the references in fn. 34.

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WHY REVOLUTIONARY STATES ARE INSECURE BUT OVERCONFIDENT

To begin with, the inherent optimism of most revolutionary ideologies can encourage them to overstate their military capabilities. Thus, the Brissotin faction that led France to war in 1792 argued that the Revolution had created a power that would crush its enemies easily. As Brissot told the National Assembly: "Every advantage is on our side, for now every Frenchman is a willing soldier! . . . [W]here is the power on earth . . . who could hope to master six million free soldiers?"[88] This sort of argument is difficult to challenge without appearing unpatriotic; if opponents are destined for the "ash-heap of history," expressing doubts about the certainty of victory betrays a lack of confidence in the revolution itself.

The optimism of revolutionary states also rests on the belief that citizens in other countries will rise up to support them. This hope reflects the universalism common to many revolutionary ideologies and implies that their opponents, lacking popular support, will be unable to fight effectively. The Brissotins used this argument to great effect: Brissot claimed that "each soldier will say to his enemy: Brother, I am not going to cut your throat, I am going to show you the way to happiness." And his associate Maximin Isnard predicted that "at the moment that the enemy armies begin to fight with ours, the daylight of philosophy will open their eyes and the peoples will embrace each other in the face of their dethroned tyrants and an approving heaven and earth."[89] Many Bolsheviks believed similarly that their success in Russia would spark the long-anticipated revolution in Germany and a cascade of upheavals in the rest of Europe. Even Lenin, who had rejected this view in 1917, supported the Russian invasion of Poland in 1920 because he believed it would trigger an uprising by socialist forces there.[90] Mao's claim that "a single spark can ignite a prairie fire" conveys a similar faith in the catalytic effects of revolutionary action. Thus, the overconfidence of revolutionary states is fueled by the faith that the irresistible spread of revolutionary ideas will undermine their opponents.

Revolutionary states can be further misled if they give too much credence to the testimony of foreign sympathizers. The latter, desirous of external support, are prone to exaggerate the prospects for revolution

[88] Another deputy suggested that "in the face of our brave patriots, the allied armies will fade away like the shade of night in the face of the rays of the sun." Quoted in Blanning (fn. 3), 108–9.

[89] These quotations are from Schama (fn. 63), 597; and Blanning (fn. 3), 109–10.

[90] See Carr (fn. 3), 3:209–12; and Chamberlain (fn. 43), 2:305–8. For an alternative interpretation, see Thomas C. Fiddick, *Russia's Retreat from Poland, 1920: From Permanent Revolution to Peaceful Coexistence* (New York: St. Martin's Press, 1990).

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back home. In 1792, for example, the National Assembly in Paris was bombarded with optimistic reports from foreign emissaries claiming that their countrymen cried out for liberation and that the old regime would collapse quickly if attacked.[91]

Furthermore, successful revolutionary leaders may be convinced that they can triumph over seemingly impossible odds. The strength of this factor is likely to be affected by the ease or difficulty with which the revolutionary struggle was waged. The unexpected collapse of royal authority in France may have encouraged the Brissotins in their belief that their ideas would attract universal acceptance, just as the relative ease of Castro's final campaign against Batista convinced Che Guevara and others that revolutionary forces in Latin America could triumph even when conditions were unfavorable.[92] By contrast, both Lenin and Mao tempered their optimistic proclamations with repeated warnings that revolutions must be conducted cautiously.[93] Mao explicitly warned his followers to avoid both "right deviations" (passivity and fear of struggle) and "left deviations" (overconfident recklessness).[94] Similarly, although Lenin was optimistic about the long-term prospects for world revolution, once in power he usually rejected direct efforts to promote this end. In his 1920 pamphlet "'Left-Wing' Communism: An Infantile Disorder," he warned against ill-timed efforts to seize power, and his speech to the Second Comintern Congress in the same year emphasized long-range revolutionary prospects rather than immediate efforts to foment revolutionary upheaval in other countries.[95] Having personally led prolonged

[91] For example, the German exile Anacharsis Cloots, self-proclaimed *orateur de genre humain*, told the French Assembly in December 1792 that in the event of war "the German and Bohemian peasants will resume their war against their . . . seigneurs; the Dutch and the Germans, the Italians and the Scandinavians, will shake off and shatter their chains with fury." Quoted in Blanning (fn. 3), 109–10. See also Palmer (fn. 82), 2:55–57.

[92] According to Theodore Draper, "In 1957 and the first months of 1958, no one, *not even Castro*, thought that Batista could be overthrown by means of guerrilla warfare." See Draper, *Castroism: Theory and Practice* (New York: Praeger, 1965), 24; emphasis added. Che Guevara's strategy of *focoism* claimed that acts of violence by a small guerrilla band (the *foco*) could spark a successful revolution irrespective of the prevailing political conditions. The strategy was a dismal failure and Guevara died trying to implement it in Bolivia. See Guevara, *Guerrilla Warfare* (New York: Monthly Review Press, 1961).

[93] As Lenin told the Seventh Party Congress in March 1917: "Yes, we shall see the world revolution, but for the time being it is a very good fairy tale. . . . Is it proper for a serious revolutionary to believe in fairy tales?" See Lenin (fn. 56), 2:589.

[94] See Richard H. Solomon, *Mao's Revolution and the Chinese Political Culture* (Berkeley: University of California Press, 1971), 179–89. Although Mao stressed that the Chinese revolution was a useful model for others, he avoided the obligation to engage in costly interventions elsewhere by stating that a revolutionary movement must ultimately rely on its own efforts. See Van Ness (fn. 3), 72; and Michael Yahuda, *China's Role in World Affairs* (New York: St. Martin's Press, 1978), 35.

[95] Although Lenin supported the Soviet invasion of Poland, he warned that "if the expected uprising does not occur, . . . would it be fitting to push military operations more

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revolutionary struggles, both Lenin and Mao had learned that success was often elusive and never easy.

This discussion suggests that revolutionary states are more likely to resist impetuous efforts to export the revolution if the leadership is experienced and unified and the movement highly disciplined. Thus, the Soviet Union and the People's Republic of China behaved prudently in most cases, despite their inherently optimistic ideologies and the fact that prominent members of both regimes favored a more assertive approach. By contrast, the factional infighting in France and Iran encouraged extremists to use foreign policy—and specifically support for the export of revolution—as a litmus test for devotion to the revolution itself. In the absence of a strong central authority, those who opposed such a policy risked appearing disloyal to the universalist ideals of the revolution and thus could not contain those who advocated a more aggressive foreign policy. The radicals in turn were overconfident regarding their ability to export the revolution and to overcome the opposition such efforts were certain to provoke.[96]

Finally, and somewhat paradoxically, the very vulnerability of a revolutionary state may create additional incentive for aggression. Already fearful that their hold on power is fragile, revolutionary leaders view domestic opponents as a potential fifth column. (In light of foreign support for counterrevolutionary groups in France, the White armies in Russia, the Kuomintang in China, and the *contras* in Nicaragua, such worries are hardly fanciful.) Exporting the revolution by striking first may be seen as the only way to preserve power at home: unless opposing states are swiftly overthrown, the argument runs, they will eventually combine to crush the revolutionary state. Thus, the Bolsheviks who advocated greater efforts to export the revolution did so in part because they believed that capitalist states would join forces and destroy the new Soviet state unless they were swiftly overthrown by the spread of socialism.[97] (At a minimum, the revolutionaries may hope that the mere threat of revolutionary subversion may deter attacks and force opponents to adopt more conciliatory policies.)[98] This general argument was also a

thoroughly, risking a dangerous turn of events? Without doubt, no!" See Fiddick (fn. 90), 123–24.

[96] On France, see Blanning (fn. 3), 98–113. On Iran, see Bill (fn. 70), 302–3.

[97] Trotsky argued that "without the direct State support of the European proletariat the working class of Russia cannot remain in power and convert its temporary domination into a lasting socialist dictatorship. Of this there cannot for a moment be any doubt." Fiddick notes that "many Bolsheviks fully expected their spark to be extinguished by an international counter-revolutionary deluge if the combustible material in the more advanced, industrial nations failed to catch fire." See Fiddick (fn. 90), 75.

[98] Piero Melograni argues that "to help convince the Allies to negotiate, Lenin brought

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potent ingredient in the Brissotin recipe for war in 1792. After describing France as beset by a conspiracy of foreign powers and internal traitors, Brissot told the Assembly, "It is not merely necessary to think of defense, the [counterrevolutionary] attack must be anticipated; you yourselves must attack."[99]

WHY FOREIGN POWERS ARE INSECURE BUT OVERCONFIDENT

Other states will fear the spread of revolutionary ideas—especially when those ideas challenge their own form of government directly. But they also tend to view this as an easy problem to solve. To begin with, the disorder that accompanies a revolution encourages other states to view the new regime as weak and vulnerable. For example, most Europeans believed that the Revolution had reduced French power considerably, leading Edmund Burke to describe the French as "the ablest architects of ruin . . . in the world."[100] When war broke out in 1792, both France and its opponents expected an easy campaign. Where the French deputies believed that "despotism was in its death throes and a prompt attack will precipitate its final agony,"[101] a Prussian diplomat commented that "France is without disciplined armies, without experienced generals, without money, and the highest degree of anarchy reigns in all departments." Another official predicted that "the comedy will not last long. The French army of lawyers will be annihilated in Belgium and we shall be home by the autumn." As T. C. W. Blanning remarks, "With all three combatants believing their side to be invincible and their opponent(s) to be on the verge of collapse, the scene was set for the final lurch into war."[102]

This tendency to overestimate the vulnerability of the revolutionary state is not surprising, given the inherent difficulty of calculating its ability to fight. By definition, revolutionary states rest on novel forms of social organization, and revolutionary movements succeed because they

into being a communist International which could create widespread unrest, especially in Asia." Similarly, Soviet Foreign Minister George Chicherin instructed a Soviet emissary in London to "make it clear that we are able to cause [England] serious damage in the East if we so wish. . . . Have them picture what would happen if we sent a Red Army to Persia, Mesopotamia and Afghanistan. . . . [I]t is only the moderation of our policy which causes a slow development [of the revolutionary situation there]." See Melograni (fn. 85), 108; and Fiddick (fn. 90), 171.

[99] Brissot, quoted in Clapham (fn. 12), 115. On another occasion, he declared that France "cannot be at ease until Europe, and all Europe, is in flames." Another French revolutionary justified war by saying: "If my neighbor keeps a nest of vipers, I have the right to smother them lest I become their victim." See Palmer (fn. 82), 2:60, 62.

[100] Quoted in Blanning (fn. 3), 79–80, 132. See also Clapham (fn. 12), 16; and Ross (fn. 12), 25.

[101] Jean-Baptiste Mailhe, quoted in Blanning (fn. 60), 63.

[102] Quoted in Blanning (fn. 3), 115–16.

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devise a formula for mobilizing previously untapped sources of social power. Unfortunately, the novelty of these institutions makes it difficult for others to assess their effect on national capabilities. As Clausewitz recognized, it was not surprising that the European states underestimated the military power of revolutionary France, because in large part it was based on ideas and institutions—best exemplified by the levée en masse—that were previously unknown.[103] Similar problems led outsiders to expect the rapid collapse of Bolshevik power and prevented an accurate assessment of Iran's military potential after the revolution there. Ideological biases may compound this tendency because states based on different political principles may find it difficult to believe that a revolutionary government could be popular or effective. This problem seems to have affected U.S. perceptions of China, for example. Because U.S. leaders believed that communism was illegitimate and immoral, they saw Mao's government as an artificial Soviet satellite rather than as an independent regime commanding substantial popular support. Thus, Assistant Secretary of State Dean Rusk believed that China's "foreign masters" had forced it to intervene in Korea and that Mao's regime was "a colonial Russian government. . . . [I]t is not Chinese."[104] The belief that a revolutionary state is inherently unpopular inclines status quo powers to exaggerate their own ability to confront it successfully.

Foreign powers also exaggerate the threat of subversion because the appeal of revolutionary ideas is impossible to measure in advance and the extent to which they are spreading is difficult to determine. Having witnessed an unexpected revolutionary upheaval, mindful of the confident proclamations of the revolutionary forces, and aware that some members of their own society may harbor similar ideas, other states overstate the threat of contagion. Thus, Burke saw revolutionary France as a mortal danger because "it has by its essence a faction of opinion and of interest and of enthusiasm in every country. . . . Thus advantaged, if it can at all exist it must finally prevail."[105] For Burke, the only option was to elimi-

[103] In his words: "Clearly the tremendous effects of the French Revolution abroad were caused not so much by new military methods and concepts as by radical changes in policies and administration, by the new character of government, altered conditions of the French people, and the like. . . . Not until statesmen had at last grasped the nature of the forces that had emerged in France and had grasped that new political conditions now obtained in Europe, could they foresee the broad effects all this would have on war." See Carl von Clausewitz, *On War*, ed. and trans. Michael Howard and Peter Paret (Princeton: Princeton University Press, 1976), 609–10.

[104] See Schaller (fn. 86), 125; and also Nancy Bernkopf Tucker, *Patterns in the Dust: Chinese-American Relations and the Recognition Controversy, 1949–50* (New York: Columbia University Press, 1983), 17, 43, 193.

[105] See Burke (fn. 10), 5:250.

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nate the source of infection.[106] In a similar vein Winston Churchill justified the Anglo-French intervention after the Bolshevik Revolution by describing the new Soviet republic as "a plague-bearing Russia . . . of armed hordes not only smiting with bayonet and cannon, but accompanied and preceded by swarms of typhus-bearing vermin." The main threat was ideological subversion: "to make soldiers mutiny, . . . to raise the poor against the bourgeois, . . . the workmen against the employers, . . . the peasants against the landowners, to paralyze the country by general strikes."[107] Although Churchill's pleas for full-scale intervention were ultimately rejected, "the decisive factor in bringing about a continuation of . . . limited [Allied] intervention [after World War I] was the fear . . . that Bolshevism . . . might spread to other European countries."[108] Similar fears accompanied the Chinese, Cuban, and Iranian revolutions as well. The universalism of most revolutionary ideologies compounds these worries, because other states fear a growing alliance of revolutionary powers that would leave them increasingly isolated in a hostile ideological sea.

Even in the absence of evidence that the revolution is spreading, other states cannot be completely confident that subversive movements do not lurk beneath the surface. European fears of a Jacobin conspiracy and the U.S. Red scares of the 1920s and the 1950s illustrate the tendency for foreign powers to exaggerate the ideological appeal (and therefore the offensive power) of revolutionary states. Because the threat these states pose is not simply a function of material capabilities, revolutions often seem even more dangerous than they are. And the same logic applies in reverse to counterrevolutions. Even when there is no hard evidence, a revolutionary regime cannot be completely certain that foreign powers are not conspiring with its internal opponents.

The tendency to exaggerate the threat from a revolutionary regime and its susceptibility to pressure from outside is also exacerbated by testimony from self-interested émigrés, who, as one would expect, portray the revolutionary state as both a dangerous adversary and a disorganized, unpopular, and vulnerable target. R. R. Palmer has shown, for example, that the belief that revolutionary France headed a vast international conspiracy was a myth manufactured by counterrevolutionary ideologues,

[106] Burke was not alone in this view. According to one Swedish nobleman, "Unless the European powers banded together to stop the evil by smothering it, they would all be its victims." Quoted in Palmer (fn. 82), 2:60. Even a moderate such as Emperor Leopold of Austria was concerned; he wrote to his brother in July 1791 that "it was high time . . . to suppress this pernicious French epidemic." See Blanning (fn. 3), 86, 94.

[107] Quoted in Fiddick (fn. 90), 4–5.

[108] See Chamberlain (fn. 43), 2:152.

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several of whom were prominent in émigré circles.[109] According to Nita Renfrew, Iraq's invasion of Iran was encouraged by Iranian émigrés who exaggerated the unpopularity and military weakness of Khomeini's regime.[110] Cuban and Nicaraguan émigrés fed U.S. fears of Castro and the Sandinistas, while encouraging the belief that these regimes would collapse once the United States applied pressure. The warning should be clear: reliance upon "evidence" either from counterrevolutionary émigrés or from prorevolutionary sympathizers is likely to entangle one or both of the adversaries in a destabilizing web of fear and overconfidence.

Taken together, the possibility of revolutionary expansion and the belief in revolutionary weakness create strong pressures for war. Because revolutionary states tend to grow stronger over time, their opponents have a temporary "window of opportunity." Thus, England's decision to enter the war against France in 1793 was based in part on Prime Minister Pitt's belief that "war was inevitable and the sooner it was begun the better."[111] Similarly, Iraq attacked Iran in 1979 because it feared the spread of Shiite fundamentalism and because it believed the revolution had weakened Iran's military capabilities.[112] The Somali invasion of Ethiopia in 1977 reflected the belief that Ethiopia's revolutionary government was beset by internal divisions.[113] And U.S. efforts to overthrow Castro in Cuba and the Sandinistas in Nicaragua were justified on the grounds that each would promote revolution elsewhere in Latin America and that it would be easiest to eliminate them before they had the opportunity to consolidate their positions.[114] In all of these cases, the belief that delay would make the job more difficult encouraged opponents of the revolutionary state to take action.

[109] See Palmer (fn. 82), 2:51–53.

[110] See Nita Renfrew, "Who Started the War?" *Foreign Policy* 66 (Spring 1987), 98; and Majid Khadduri, *The Gulf War: The Origins and Implications of the Iraq-Iran Conflict* (New York: Oxford University Press, 1988), 84.

[111] Quoted in Blanning (fn. 3), 154. Pitt also believed that "the nation was now disposed for war, which might not be the case six weeks hence," and that the diplomatic environment was especially favorable at that time.

[112] See Khadduri (fn. 110), 84; Ramazani (fn. 11), 72–74; and Ephraim Karsh, "The Iran-Iraq War: A Military Analysis," *Adelphi Paper*, no. 220 (London: International Institute for Strategic Studies, 1987), 11–13.

[113] See Tom J. Farer, *War Clouds on the Horn of Africa: The Widening Storm*, 2d ed. (Washington, D.C.: Carnegie Endowment for International Peace, 1979), 120–21; and Robert F. Gorman, *Political Conflict on the Horn of Africa* (New York: Praeger, 1981), 65–69.

[114] Lloyd Etheredge notes that the CIA accelerated planning for the Bay of Pigs invasion so that the attack could take place before Cuban pilots completed training on advanced jet aircraft. See Etheredge, *Can Governments Learn?: American Foreign Policy and Central American Revolutions* (New York: Pergamon, 1985), 13; and also Welch (fn. 75), 69–70. On U.S. policy toward Nicaragua, see George Shultz, "America and the Struggle for Freedom," in Robert Leiken and Barry Rubin, eds., *The Central America Crisis Reader* (New York: Summit Books, 1987), 589; and Pastor (fn. 22), 231.

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To summarize: revolutions exert far-reaching effects on the balance of threats. Each side tends to view the other as a serious challenge, yet neither can estimate the danger accurately. Lacking reliable information about the magnitude of the threat or their ability to overcome it, both sides are therefore more susceptible to self-interested testimony from émigrés or from other revolutionaries, particularly when this advice confirms preexisting beliefs. Thus, on the one hand, each side fears the other, and on the other hand, each is also likely to believe that the threat can be eliminated at relatively low cost. In short, the belief that opponents are both hostile and vulnerable works in support of a policy of preventive and preemptive war.

WHY BOTH SIDES ARE WRONG

When a revolution topples an apparently viable regime, it is not surprising that other states fear that they might be next. Similarly, if the revolutionary state has suffered extensive damage and faces continued internal opposition, its leaders have reason to fear that their success will be short-lived. Yet revolutions are a relatively poor export commodity, and although counterrevolutionary efforts face somewhat better prospects, efforts to reverse a revolution from outside are usually more difficult than their advocates anticipate. Ironically, then, both sides' perceptions of threat are usually mistaken.

Contrary to the optimistic visions of the Brissotins, for example, the outbreak of war in 1792 did not spark sympathetic rebellions across Europe.[115] To be sure, revolutionary France eventually established a set of "satellite republics" across Europe, and Napoleon expanded this to a sizable if short-lived empire.[116] But these conquests were not the swift and bloodless victories that the Brissotins predicted, nor was the collapse of the monarchy the catalyst for world revolution that conservatives like Edmund Burke feared. Few people anticipated that the outbreak of war in 1792 was the beginning of a quarter century of bloody struggle; neither France nor its various opponents were as easy to defeat as both sides had assumed. Similarly, the Bolshevik Revolution failed to inspire other successes; attempts elsewhere in Europe were abortive.[117] The spread of

[115] French forces suffered a series of quick defeats once the war broke out. However, because France's overconfident opponents did not press their advantage, the French were able to survive the initial setbacks and to mobilize the nation for war.

[116] According to Palmer, "Nowhere, except in far-off Poland, was there any revolt against a government with which France was at war. There was no revolution in aid of France. It was perfectly evident that the foreign revolutionaries were entirely dependent on the French." See Palmer (fn. 82), 2:117, 330–31, 340; and Ross (fn. 13), chap. 4.

[117] The Bolshevik Revolution sparked unsuccessful communist uprisings in Germany, Hungary, and Finland, and the Soviets invaded Outer Mongolia in 1921 and established a

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communism was still nearly three decades off, when the Soviet army imposed similar regimes in Eastern Europe following Germany's defeat in the Second World War. And contrary to the recurring fears that communist revolution would spread swiftly around the globe, containing the Red menace was in fact relatively easy.[118]

Other cases teach similar lessons. The Mexican Revolution had little impact on revolutionary struggles elsewhere in Latin America; Cuba's efforts to promote revolutionary change in the region have been relatively unsuccessful. (True, Cuba was a source of inspiration, advice, and material aid for the Sandinistas in Nicaragua, and for other revolutionaries as well, but a single, short-lived success hardly constitutes a winning record after more than thirty years.) And although fundamentalist movements have become more active throughout the Muslim world, Iran's efforts to export its principles to other countries have proved equally abortive.[119] Irrespective of its specific ideological character, in short, there seems to be little basis for the perennial hope and fear of world revolution.

At the same time, the belief that revolutionary regimes will collapse if attacked is equally dubious. In virtually every case of a major social revolution (France, Mexico, Russia, China, Cuba, Nicaragua, Iran) opponents have argued that foreign intervention could remove the threat at relatively low cost. With the partial exception of Nicaragua, efforts to do so were uniformly unsuccessful. While counterrevolutions from abroad do on occasion succeed, on the whole, the ability of revolutionary states to resist such attempts is striking.[120]

This argument does not mean that the fears harbored by revolutionary states and other powers are groundless. Rather, it means that the threat is usually exaggerated, as is the ease with which it can be eliminated. If

satellite regime there. See the following essays in Thomas T. Hammond, ed., *The Anatomy of Communist Takeovers* (New Haven: Yale University Press, 1975): C. Jay Smith, "Soviet Russia and the Red Revolution of 1918 in Finland"; Werner T. Angress, "The Takeover That Remained in Limbo: The German Experience, 1918–23"; Paul Ignotus, "The First Two Communist Takeovers in Hungary, 1919 and 1948"; and Hammond, "The Communist Takeover of Outer Mongolia: Model for Eastern Europe?"

[118] On the overwhelming advantages enjoyed by the Western alliance in its efforts to contain Soviet expansion, see Walt (fn. 33, 1987), chap. 8.

[119] Zonis and Brumberg (fn. 11), chap. 4.

[120] Examples of successful counterrevolutionary efforts include the Austro-Prussian intervention in Belgium in 1790, the Russian and Austrian interventions in Italy and Greece in the 1830s, the U.S.-backed coups in Iran, Guatemala, and Chile, the U.S. invasion of Grenada in 1983, and the Vietnamese overthrow of the Khmer Rouge in Kampuchea in 1979. With the exception of Kampuchea, none of these regimes came to power through a prolonged and violent revolutionary struggle, and none attempted (let alone achieved) a thorough social transformation. Moreover, in all of these cases the intervening power was overwhelmingly larger and stronger than the state it overthrew.

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the respective fears and hopes were accurate, the struggle would be a swift and decisive triumph for the stronger side.[121] But instead of a wave of revolutionary upheavals or the swift collapse of the new regime, the typical result is either a brief and inconclusive clash (e.g., the Russo-Polish War of 1920) or a protracted and bloody struggle (e.g., the wars of the French Revolution, the Iran-Iraq War, the *contra* war in Nicaragua).

Why are revolutions hard to export and why do foreign interventions fail? First, the universalist rhetoric of revolutionary ideologies notwithstanding, a revolution is first and foremost a *national* phenomenon.[122] A campaign to export a revolution would immediately bring the revolutionary state into conflict with the national loyalties of the intended recipients. And the principle that people who conceive of themselves as a nation are entitled to their own independent state has consistently proved to be a far more powerful social force than any notion of universal revolutionary solidarity.[123] Foreign populations are likely to view efforts to export a revolution as acts of aggression, which makes it easier for the ruling elites to resist the revolutionary forces. Or as Robespierre warned in response to the optimistic predictions of the Brissotins: "No one likes an armed missionary, and no more extravagant idea ever sprang from the head of a politician than to suppose that one people has only to enter another's territory with arms in its hands to make the latter adopt its laws and its Constitution."[124] Moreover, even if conditions in other countries are broadly similar to the circumstances that produced one revolution (and they frequently are not), the special circumstances that enabled one revolution to succeed are unlikely to exist elsewhere. Thus, exporting the revolution is much more difficult than the revolutionaries expect.

Second, a revolution serves as a warning to other states: the more dangerous it appears, the greater the tendency for others to balance against it.[125] Until a revolution actually occurs, other states may not take the

[121] Strength in this sense refers to military capability or to ideological appeal or to some combination of the two.

[122] When the Bolshevik Revolution failed to spread, the Polish communist Karl Radek concluded that the "battle will be won from within. . . . *Revolutions never originate in foreign affairs but are made at home*." Quoted in Melograni (fn. 85), 89; emphasis added.

[123] On nationalism, see Ernest Gellner, *Nations and Nationalism* (Ithaca, N.Y.: Cornell University Press, 1983), 1–7; and E. J. Hobsbawm, *Nations and Nationalism since 1780: Programme, Myth, Reality* (Cambridge: Cambridge University Press, 1990), 9–12.

[124] He continued: "The Declaration of Rights [of Man] is not like the sun's rays, which in one moment illumine the whole earth: it is no thunderbolt, to strike down a thousand thrones. It is easier to inscribe it on paper, or engrave it on brass, than to retrace its sacred characters in the hearts of men." Quoted in Thompson (fn. 27), 207.

[125] On this general tendency, see Walt (fn. 33, 1987), chap. 5.

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possibility seriously. But once the danger has been demonstrated, potential victims will take steps to avoid a similar fate (e.g., through defensive alliances, internal reforms, or more extensive repression). Thus, the Cuban revolution inspired the U.S. Alliance for Progress in Latin America (intended to forestall additional "Cubas" by promoting economic and political development) and encouraged Latin American oligarchies to suppress their domestic opponents more vigorously. Similarly, the Iranian Revolution united Iraq, Saudi Arabia, and the other Gulf states against the danger of revolutionary infection, with tacit or active support from the United States and others. Again, the point is not that revolutions pose no danger; the point is, rather, that other states can and will do a variety of things to contain the threat.

Efforts to export counterrevolutions fail for somewhat different reasons. Revolutionary leaders are usually dedicated, highly motivated individuals who have been successful precisely because they are good at organizing support in the face of impressive obstacles. They are likely to be formidable adversaries, because they can direct those same skills toward mobilizing the nation for war.[126] It is thus no accident that the French levée en masse and the Soviet Red Army were able to defeat their internal and external opponents or that revolutionary Iran managed to rebuild its military power with remarkable speed after the Iraqi invasion in 1980.[127]

Foreign interventions also fail because they provide the domestic legitimacy that a revolutionary regime needs: the same nationalist convictions that make revolution hard to export also work against successful foreign intervention. The Russo-Polish War of 1920 illustrates both tendencies nicely: the initial Polish invasion helped mobilize public support for the Bolsheviks while the Red Army's subsequent counterattack aroused the traditional anti-Russian nationalism of the Poles rather than the proletarian uprising anticipated by Lenin.

The pressure for war produced by a revolution results from two parallel myths: the belief that the revolution will spread rapidly if it is not crushed immediately, and the belief that a reversal of the revolution will be easy to accomplish. Contrary to these expectations, however, is the more typical result: neither a tide of worldwide revolution nor the quick and easy ouster of the revolutionary regime but rather a prolonged strug-

[126] On this general point, see Theda Skocpol "Social Revolutions and Mass Military Mobilization," *World Politics* 40 (January 1988).

[127] See William F. Hickman, *Ravaged and Reborn: The Iranian Army, 1982: A Staff Paper* (Washington, D.C.: Brookings Institution, 1982).

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gle between an unexpectedly capable revolutionary regime and its surprisingly resistant adversaries.

V. Conclusion

Revolutions and the Balance of Threats

Why do revolutions often lead to war, and why do these wars proceed differently than either side expects? The underlying cause of war between revolutionary states and foreign powers is their concern for security. Rarely are these wars the direct result of either an ideological requirement to export the new system or a domestic political struggle. Instead, these factors are important only insofar as they affect perceptions of threat and the merits of alternative responses. Even in the case of France, for example, where domestic factors were most evident, the Brissotin campaign for war was predicated on the erroneous fear that an alliance of aristocratic émigrés, internal traitors, and foreign monarchs was actively conspiring to overturn the revolution and restore the old regime.

Although balance-of-power theory emphasizes the importance of security, it is not the aggregate balance of power that drives states to war. Rather, it is each side's perception of threat. These perceptions arise from both systems-level and unit-level factors. Revolutions alter the balance of threats by changing the distribution of power, by increasing perceptions of hostility, and by increasing perceptions of an offensive advantage. The problem is exacerbated by uncertainty regarding each of these factors and by the other dynamics that encourage both sides to view the other as especially hostile and dangerous.

This explanation also provides a fuller explanation of why revolutionary states tend to moderate their behavior over time. Kenneth Waltz has suggested that revolutionary states become "socialized" to the system, but he does not explain how the socialization process actually works.[128] As shown above, many of the problems caused by a revolution arise from uncertainty about power, intentions, the likelihood of similar revolutions occurring elsewhere, and so forth. "Socialization" is simply the process by which both sides acquire greater information about how others will respond. As evidence accumulates, the uncertainty that permits misperceptions to flourish declines. Relations between the revolutionary states and the rest of the system should become increasingly normal, assuming,

[128] See Waltz (fn. 1), 127–28.

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of course, that each side is capable of evaluating and revising its policies in light of experience.

Some Further Puzzles

The arguments presented here are open to several potential challenges, and verifying them will require additional empirical work. First, this article has focused on the common tendencies associated with revolutionary change, but future work should also consider possible differences. Do different *types* of revolution create different effects, and are these effects altered by different international circumstances? Do democratic revolutions behave differently from those conducted by a vanguard party, and if so, why? What is the effect of commitment to a universalist ideology? Does the foreign impact of a revolution depend on the internal characteristics of its neighbors? Although the arguments presented in this paper have obvious implications for these questions, future research should seek to provide more complete answers.

Second, some of the arguments presented here may reflect the effects of selection bias. By focusing on *successful* revolutions—that is, on cases where the new state survives—the analysis may understate the feasibility of counterrevolution by excluding the cases where it succeeded. Indeed, if a counterrevolutionary effort is especially swift, such cases may barely be noticed. If so, then the inferences drawn from the existing sample of cases will be biased.

Given these difficulties, this article should be seen as a "plausibility probe" intended to outline a set of hypotheses and show how they fit a number of well-known and important cases.[129] Future work can address these problems in several ways. For example, the argument that revolutions cause wars via miscalculation can be tested by examining the success rate of states that initiate wars following a major regime change. If these initiators fare less well on average than the initiators of war between nonrevolutionary states, that would support the claim that revolutions encourage optimistic miscalculation by one or both sides. This hypothesis could also be tested by examining examples of successful counterrevolution. Were these efforts inspired by fears of contagion and magnified by exile testimony, and were these fears based on an accurate and objective assessment of the threat? Alternatively, was it more difficult to reverse the revolution than the intervening forces expected? If so, then the ideas developed in this essay will gain additional credence.

[129] On "plausibility probes," see Harry Eckstein, "Case Study and Theory in Political Science," in Nelson Polsby and Fred Greenstein, eds., *Handbook of Political Science* (Reading, Mass.: Addison-Wesley, 1975), 79–128.

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Implications for Policy

These arguments imply that neither appeasement nor intervention is an especially promising approach to most revolutions. Appeasement is often recommended as a way to avoid spiraling and to promote good relations over the longer term.[130] This prescription tends to downplay the fact that some revolutionary states do present a threat (for example, by trying to export their principles while avoiding a direct clash of arms) and that teaching them to refrain from such efforts may require the use of force.

At the same time, the interventionists' belief that revolutionary states pose an imminent but easily reversed threat is even more fanciful.[131] Revolutions are usually hard to export, particularly once other states take steps to prevent it; and efforts to reverse a revolution often make matters worse. In the near term such efforts merely reinforce preexisting images of hostility and strengthen the hand of extremists within the new regime, leading to more bellicose international conduct and justifying greater internal repression. The "success" of the *contras* in Nicaragua notwithstanding, armed intervention is usually a poor instrument for creating stable and humane governments.

A policy of containment is the best approach toward most revolutions, especially for great powers confronting a relatively weak revolutionary state.[132] Such a strategy seeks to prevent the spread of revolution but eschews direct attempts to reverse it or to manipulate its internal politics. Foreign powers should not underestimate the difficulty of this approach, however, or ignore the danger that ambiguous signals—including even efforts to remain uninvolved—will be interpreted as a sign of hostility. They should therefore strive to make their intentions and preferences as clear as possible (however quixotic that goal may appear) and devote special attention to creating reliable channels for the flow of information and other communication between them and the new regime. National leaders should also heed Machiavelli's advice and regard testimony from exiles with great skepticism.[133]

[130] See, e.g., Anthony Lake, "Wrestling with Third World Radical Regimes: Theory and Practice," in John W. Sewell, ed., *U.S. Foreign Policy and the Third World: Agenda 1985–86* (New Brunswick, N.J.: Transaction Books, 1985); and Kenneth E. Sharpe et al., "Security through Diplomacy: A Policy of Principled Realism," in Morris J. Blachman, William M. Leogrande, and Kenneth E. Sharpe, eds. *Confronting Revolution: Security through Diplomacy in Central America* (New York: Pantheon, 1986).

[131] For examples of these arguments, see W. Scott Thompson, "Choosing to Win," *Foreign Policy* 43 (Summer 1981); Nestor D. Sanchez, "The Communist Threat," *Foreign Policy* 52 (Fall 1982), 43–50; Ronald Reagan, "Address to Joint Session of Congress, April 27, 1983," in Leiken and Rubin (fn. 114); and George Shultz, "New Realities and New Ways of Thinking," *Foreign Affairs* 63 (Spring 1985), 712–13.

[132] This approach is sketched briefly by Richard E. Feinberg, *The Intemperate Zone: The Third World Challenge to U.S. Foreign Policy* (New York: W. W. Norton, 1983), 254–56.

[133] See fn. 81.

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The Revolutions of 1989–91 and the Prospects for Peace

Finally, what do these hypotheses tell us about the political changes that have engulfed the former Soviet empire? Although the final outcome remains uncertain, there can be no doubt that the USSR has undergone a fundamental political transformation. What began as an elite-led "revolution from above" has led to the unintended demise of the Communist Party and the collapse of the political order that had governed the region for over seventy years. A weak central government still exists as of November 1991, but the Baltic republics have been granted full independence, and several others are not far behind. The republics are creating new political institutions, developing new criteria for elite recruitment, and basing their claims to authority on new political principles.[134] We are thus witnessing not one revolution but several, and even though the former USSR has been replaced (so far) by a loose confederation, it is still fundamentally different from the old communist order. For students of international politics, therefore, the overriding question is whether the revolutions of 1989–91 will eventually become another regrettable example of the link between revolution and war.

Why War with the West is Unlikely

The good news is that war between the Western states and the various parts of the former Soviet bloc is unlikely. In the past revolutions led to war because other states tried to exploit the new state's weakness and/or because the revolutionary state was seen as a threat to the security of other states. Fortunately for world peace, this logic does not apply to relations between the former Soviet republics and the other great powers—at least not for the foreseeable future—because the usual links between revolution and war are either absent or overridden by other factors.

To begin with, although the "second Russian Revolution" has weakened Soviet power considerably, there is little danger that the other great powers will use force to exploit this opportunity.[135] This is due in part to

[134] The scope and rate of change varies considerably across republics. Until November 1991, for example, the Georgian Republic was led by an anticommunist dissident named Zviad Gamsakhurdia, who won a free election easily but was subsequently accused of dictatorial methods and removed. The Ukraine, also well down the road to independence, has announced plans to create its own independent armed forces. In Kazakhstan, by contrast, the "nationalist" leader is former Politburo member Nursultan Nazarbayev, who remains closely tied to Gorbachev and the all-Union government. Similarly, although Byelorussia declared independence following the abortive coup, its current leaders are all former communists.

[135] Other states are exploiting Russia's weakness to extract diplomatic concessions, of course. For example, the United States has pushed for additional arms reductions and Japan has explicitly linked economic aid to a settlement of the enduring dispute over the Kurile Islands.

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the continued existence of nuclear weapons, but it also reflects the fortuitous international conditions in which the dissolution of the Soviet Union is occurring. If competition among the other great powers were especially intense at present, those states would be more inclined to exploit Soviet weakness to improve their own positions or to prevent others from doing the same thing.[136] At the moment, however, the other great powers are still close allies. Since they do not regard each other as significant security threats, there is no incentive to intervene.

The danger of war with the West is also reduced because the problem of ideological conflict—in particular, the fear that the revolution will spread to other countries—is absent. Unlike the French, Bolshevik, Cuban, or Iranian revolutions, the present transformation of the Soviet Union is not based on a political model that differs significantly from that of its neighbors. Instead, the Soviet Union and its former allies are trying to adopt political institutions similar to those of the advanced industrial powers. Even if true democracy does not take root in most of the "post-Soviet" republics, the alternative will be some type of authoritarian regime lacking any universalist pretensions or appeal.

Furthermore, in comparison with earlier revolutions, the problem of uncertainty should be less severe in this case. Rapid changes inevitably increase the level of uncertainty, but such institutions as CNN and *Interfax* as well as the various national technical means of intelligence gathering provide outsiders with much more information than they typically had after other revolutions. In the past, obtaining accurate and timely information was extremely difficult, which often left other states ignorant of the actual course of events in the revolutionary state. Today, we learn of a coup attempt within hours, its failure is announced with equal speed, and Presidents Gorbachev and Yeltsin field questions from U.S. citizens on a live television broadcast two weeks later. This greater access to information reduces uncertainty and therefore the risk of blundering into conflict.

For all three reasons, therefore, the strong linkage between revolution and war does not apply to relations between the former Soviet bloc and the other major powers. The main caveat to this optimistic conclusion is the possibility that conflict within the former Soviet bloc might eventually spread to Western Europe. Some Western European states have interests in the East, but the lack of *vital* economic or political stakes and

[136] The desire to exploit the revolutionary state's weakness was a central motive behind the Prussian attack on France in 1793 and the Japanese invasion of Siberia in 1918. Japanese ambitions also helped persuade the United States to intervene, in order to prevent Japan from expanding its position in the Far East.

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the obvious difficulty of imposing order in this area should discourage them from intervening with military force. The European Community's reluctance to take military action in Yugoslavia supports this point and suggests that the fear of entanglement in intractable domestic quarrels is a strong deterrent to outside intervention.

The key actor is Germany, which cannot easily remain indifferent to conflict on its eastern borders. If German security continues to be reinforced by an alliance with the other Western powers (including the U.S. nuclear umbrella), and if this commitment keeps Germany's political identity focused on the West, then unilateral German action is unlikely. In this scenario, the Western European states—including Germany—would seek to insulate themselves from turmoil in the East, forswearing direct military involvement and relying instead on economic and diplomatic instruments. For the Germans, in particular, military intervention would also be discouraged by the historical legacy of the world wars and by their awareness that unilateral action would provoke a defensive response by their neighbors on both sides. But if NATO's efforts to redefine itself in the absence of the Soviet threat are unsuccessful, and if Germany is left on its own, then Germany's strategic and political orientation will gradually turn away from the West. Such a move would erode the sharp distinction between East and West that evolved during the cold war and would increase the likelihood that conflict in the old Soviet empire might eventually spread to Germany, and possibly even further West. To the extent that the U.S. succeeds in redefining NATO without expanding its membership to include former members of the Warsaw Pact, the danger of revolution in the East eventually leading to war in the West will be significantly reduced.

If subsequent events confirm this optimistic prediction, then the link between revolution and war discussed in this essay must be qualified somewhat. Specifically, revolutions may be less dangerous when (1) relations among the other great powers are amicable, (2) the revolution reduces the degree of ideological heterogeneity in the system, and (3) defensive advantages are especially powerful *and* easy to identify (as in the nuclear revolution). The latter condition means that for both sides "windows of opportunity" will be smaller and the excessive optimism that normally accompanies a revolution will be constrained. These qualifications do not undermine the theory itself, but they do limit its range.

Why War within the "Union" Is Likely

Unfortunately, the arguments presented in this article do appear to fit relations *within* the former Soviet bloc, which means that the danger of

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conflict and war there will be high. The first problem these new states face is an unstable and uncertain balance of power. The new regimes in Eastern Europe and the former USSR vary greatly in size and military potential, but gauging the battlefield impact of these differences will be difficult. Who would win a direct test of strength between Armenia and Azerbaijan, or between Byelorussia and the Ukraine? What costs would each side be willing to bear? When the balance of power is unknown to the various parties, it is easier for both sides to believe they can win.

Second, the independent republics are likely to view each other's intentions with considerable suspicion. Most of these national groups have historical grievances against someone else, and these resentments will be exacerbated by the flowering of nationalist sentiment within the various republics. Even if quasi-democratic institutions are created, they are likely to be exploited by contending political elites looking to bolster their political power by invoking nationalist symbols and rhetoric.[137] The civil war in Yugoslavia offers a sobering example of this tendency, and Serbian leader Slobodan Milosevic will not be alone in pandering to xenophobic sentiments to promote his own political fortunes. Indeed, the recent stampede to declare independence following the abortive August coup suggests that nationalism will remain the first refuge of political elites (including previously loyal communists) who see their hold on power slipping.

These conditions significantly increase the danger of spiraling. When conflicts of interest arise between different republics or between different ethnic groups (as they inevitably will), each population is likely to see its own actions as entirely justified and purely defensive and those of its opponents as aggressive and illegitimate. This tendency is especially pronounced when each group distorts and mythologizes its own history in self-serving ways: "we" are virtuous, truthful, heroic, noble; "they" are inferior, deceitful, wicked. Armed with these stereotypical beliefs, nation-states tend to view their own conduct as legitimate and the behavior of rivals as unjustified aggression.

The Communist Party's hegemony in education having been broken, each republic will have free rein to teach its own version of history. Ruling elites in search of internal support will have a strong incentive to enlist history in the service of their current political requirements. With the Ministry of Education in each republic offering its citizens a tendentious version of the national history, there is little reason to expect old enmities to die quickly and ample reason to fear they will get worse.

[137] This danger is stressed by Jack Snyder, "Averting Anarchy in the New Europe," *International Security* 14 (Spring 1990).

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This problem will be exacerbated by the intermingling of nationalities across republics and by the large percentage of ethnic Russians within many of them.[138] Great revolutions have always produced refugees, and the dissolution of the USSR is not likely to be an exception. This development will bring the distorting effects of émigré politics into play, as minorities who flee abroad or to their "native" republics (if one exists) seek revenge against those who forced their departure. If they become an effective political force, their activities will reinforce perceptions of threat between different republics. Thus, uncertainty about the balance of power will combine with exaggerated perceptions of opponents' hostility—a potent recipe for conflict and war.

How Should the West Respond?[139]

The industrial powers share several goals regarding the recent changes in the Soviet Union. The overriding objective is to avoid getting involved in a major war. As noted, this danger is remote though not entirely farfetched. The industrialized powers also seek to discourage large-scale violence within or between the former Soviet republics, both on humanitarian grounds and because these conflicts would threaten the security of neighboring states and raise the risk of a wider conflict.

Although foreign powers have only limited leverage, the West can further these goals by following two basic principles. First, the United States and its allies should refrain from direct military intervention, except perhaps for participation in an internationally sanctioned peacekeeping force.[140] Foreign powers may be tempted to intervene to protect their long-range security interests or to prevent bloodshed, but history warns that states that interfere in revolutionary situations rarely understand what they are getting into. As argued earlier in this article, this problem results in part from uncertainty and is exacerbated by the biased and self-serving testimony that foreign powers usually receive from the various competing factions. If war does break out within the former Soviet Union, the Western elites will be besieged by representatives of the contending parties, all pleading their cause. Sympathetic ethnic groups within foreign societies (especially in the United States) will be mobilized

[138] To note a few examples, Moldavia is 64% Moldavian, 14% Ukrainian, and 13% Russian; Byelorussia is 78% Byelorussian, 13% Russian, and 4% Polish; Kazakhstan is 40% Kazak and 38% Russian; and Tadzhikistan is 62% Tadzhik, 24% Uzbek, and 8% Russian. For additional background, see Zbigniew Brzezinski, "Post-Communist Nationalism," *Foreign Affairs* 68 (Winter 1989–90).

[139] I am indebted to Stephen Van Evera for several useful discussions on this subject, but he bears no responsibility for my conclusions.

[140] Even in this case, intervention should be undertaken only to prevent the systematic murder of unarmed opposition and only when militarily feasible.

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as well, and past experience shows that the United States is especially susceptible to foreign lobbies with strong domestic constituencies. Because it would be difficult to gauge the legitimacy of these contending claims or to predict the effects of intervention, the prudent course is to refrain from any military involvement.

Second, the West should make economic relations with these new states conditional on their internal and external conduct. Because the oppression of minorities is both immoral and a potential cause of war, the creation and enforcement of laws guaranteeing minority rights should be a prerequisite for Western aid, trade, and investment with these states.[141] In addition, states that engage in acts of aggression should also be denied access to the Western markets (including the private arms market). Although economic sanctions are usually a fairly weak form of leverage, the dire economic straits that these regimes currently face will give the threat of sanctions greater bite. Given that they need the West and not vice versa, such a policy would cost very little.

Obviously, this approach requires a durable international consensus on ends and means. Among other things, the industrial powers must develop reliable procedures for obtaining accurate information on political developments in the region and for sharing this information with each other promptly. And scholars and intelligence organizations should increase their efforts to monitor and analyze political developments in these areas, unhampered by official pressure and uncompromised by personal loyalties to any of the contending groups.[142]

Like most revolutions, the recent upheaval in the Soviet Union has created the significant potential for interstate conflict. Decisions for war or peace will ultimately rest with the inhabitants of the former Soviet empire, but other states can affect those calculations by agreeing in advance on a common strategy for dealing with these conflicts. This approach cannot eliminate the danger of war, but it may help these emerging states maneuver through the next few years relatively unscathed. Because the years immediately following a revolution are the most dangerous, that would be no small accomplishment.

[141] These laws should be consistent with the human rights provisions of the Helsinki Accords, including the principle that the protection of human rights is a legitimate concern for other states. For a brief but useful summary, see John J. Maresca, "Helsinki Accord, 1975," in Alexander George, Philip Farley, and Alexander Dallin, eds., *U.S.-Soviet Security Cooperation: Achievements, Failures, Lessons* (New York: Oxford University Press, 1990), 106–22.

[142] During the cold war scholarship on the Soviet bloc was probably biased by the disproportionately high percentage of exiles involved in academic work on these topics and by the U.S. government's central role as a source of information. Neither tendency is surprising, but they were hardly the best ingredients for objective scholarship.

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RATIONAL FOUNDATIONS FOR THE ORGANIZATION OF THE LIBERAL DEMOCRATIC PARTY IN JAPAN

By MASARU KOHNO*

Introduction

OVER the last two decades there have been numerous changes in the organization of the ruling Liberal Democratic Party (LDP) in Japan. Although factions (*Habatsu*) remain the central organizational units and continue to function as an important liaison between the party and individual Liberal Democrats, the pattern of factionalization has changed significantly. The number of competing factions has been reduced, the size of their membership has increased, and the factions have become more formal political entities with well-defined functional branches. Moreover, there has emerged within the LDP a new set of institutionalized norms that governs internal organizational processes. The seniority rule regulates the promotion of individual politicians according to the number of times they have been reelected. And interfactional balancing principles, such as proportionality and separation of powers, affect the appointment of cabinet portfolios and of important positions within the party.

This paper examines the determinants of these recent organizational changes within the LDP. Traditionally, the literature on Japan's ruling party has taken a descriptive and historical approach, and explanations of structural features of the LDP have concentrated on factors unique to or distinctive of Japanese history, culture, and social behavior. Such approaches, however, fail to explain the developments that have taken place during the last twenty years. In this paper, I propose an alternative microanalytic framework that highlights (1) the institutional context in which individual actors seek to further their incentives and (2) the strategic behavior of these actors within this environment. More specifically, I argue that the pattern of factionalization within the LDP is primarily

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determined by the electoral incentives of two sets of rational actors, LDP politicians and LDP supporters, operating under such institutional constraints as electoral laws and political funding regulations. I also argue that organizational norms originate in the promotion incentives of LDP politicians, whose strategies are influenced by the uncertainty in the dynamics of the interfactional political process. Thus, this paper aims to transcend the myth of Japanese uniqueness and to explain developments within the LDP so as to facilitate comparative analysis with political parties in other democratic countries.

The following section briefly summarizes the origins and development of LDP factions and describes the recent evolution of institutionalized norms within the party. The third section of the paper evaluates the conventional "political culture" approach and shows its inadequacy for explaining the organizational changes within the LDP. The fourth section proposes an alternative explanation, which, anchored in the rational-choice paradigm, provides a more powerful analysis of the LDP. The final section makes some suggestions for future research.

The Changing Organization of the LDP

Many observers of postwar Japanese politics identify persistent factionalism as the most important organizational attribute of the ruling Liberal Democratic Party.[1] Despite a series of attempts to dissolve factions altogether—based on the recognition that intense interfactional struggles for party leadership led to excessive "money politics"—no one doubts that LDP factions continue to serve various important functions within the party and that interactions between them still shape basic political dynamics in Japan.

However, while factions unquestionably remain the central organizational units of the party, the pattern of factionalization has not been static throughout the long period of LDP governance. Moreover, the mode of interaction between LDP factions has also changed significantly in recent years: factions are now systematically constrained by organizational norms within the party.

[1] Tsuneo Watanabe, *Habatsu: Hoshuto no Kaibou* (Factions: Anatomy of the Conservative Party) (Tokyo: Kobundo, 1964); Nathaniel B. Thayer, *How the Conservatives Rule Japan* (Princeton: Princeton University Press, 1969); Haruhiro Fukui, *Party in Power: The Japanese Liberal Democrats and Policy Making* (Berkeley and Los Angeles: University of California Press, 1970); idem, "The Liberal Democratic Party Revisited: Continuity and Change in the Party's Structure and Performance," *Journal of Japanese Studies* 10 (Summer 1984); Seizaburo Sato and Tetsuhisa Matsuzaki, *Jiminto Seiken* (LDP rule) (Tokyo: Chuo Koronsha, 1986); Hans Baerwald, *Party Politics in Japan* (Boston: Allen and Unwin, 1986); Gerald L. Curtis, *The Japanese Way of Politics* (New York: Columbia University Press, 1988).

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The Changing Pattern of Factionalization

The factionalization of the LDP dates back to 1955, to the amalgamation of the two conservative parties, the Liberals and Democrats. The initial factional alignments were based on the old party lines, and eight powerful politicians, four from each camp, competed for the leadership of the party.[2] During the LDP presidential election in 1957, these leaders began to form alliances beyond the old party lines, and by the end of 1957 eight factions had emerged as distinct organizational features of the LDP.[3] Despite some minor splits and realignments, all of these factions competed for party leadership until the late 1960s.

Since then, however, the pattern of factionalization in the LDP has changed in at least three major ways. First, the number of major LDP factions has been reduced to, and has stabilized at, five. The four relatively large factions are led by Noboru Takeshita, Hiroshi Mitsuzuka, Michio Watanabe, and Kiichi Miyazawa; the fifth, smaller faction is led by Toshio Komoto. Since 1972 all the Japanese prime ministers have been selected from these five factions. Other smaller factions that had often played pivotal roles in the selection of the new party leaders have either disappeared or merged with others, and thus, for the most part, they have lost their political significance.[4]

Second, partly because the five major factions have absorbed the members of the smaller groups, they have grown significantly in size. In 1972 the average number of LDP incumbents who belonged to each of the five factions was about 65; by 1989 the number had increased to 82.[5] The number of Liberal Democrats who do not belong to these five factions, including nonaffiliated independents, has been declining throughout the last two decades (see Figure 1).

[2] Immediately after its establishment, the LDP was administered by a collective leadership, which consisted of two ex-Liberals and two ex-Democrats. Ichiro Hatoyama, the former president of the Democrats, was subsequently chosen as the first LDP president, after the death of his rival, Taketora Ogata, the former Liberal president, in early 1956. Hatoyama's decision to retire in late 1956 led to a competition for the leadership among these eight powerful politicians (Nobusuke Kishi, Ichiro Kohno, Takeo Miki, and Tanzan Ishibashi of the former Democrats; and Hayato Ikeda, Eisaku Sato, Banboku Ohno, and Mitsujiro Ishii of the former Liberals).

[3] Fukui (fn. 1, 1970), 116–17; Kenzo Uchida, *Habatsu* (Factions) (Tokyo: Kodansha, 1983), 26–30.

[4] There has been a tendency for smaller groups to depart from the five factions when there is a change in leadership, but these defecting groups also tend eventually to disappear or merge with the major factions. For a detailed lineage of LDP factions, see Sato and Matsuzaki (fn. 1), 241.

[5] It is extremely difficult to identify exactly who belongs to which faction and thus to determine the precise number in each faction. Although, technically, factional membership includes only elected members of the Diet, there are some who are temporarily out of office but are strongly affiliated with their factions. However, having accounted for the short-term fluctuations due to such electoral turnover, the recent increase in the average factional membership remains an undeniable trend.

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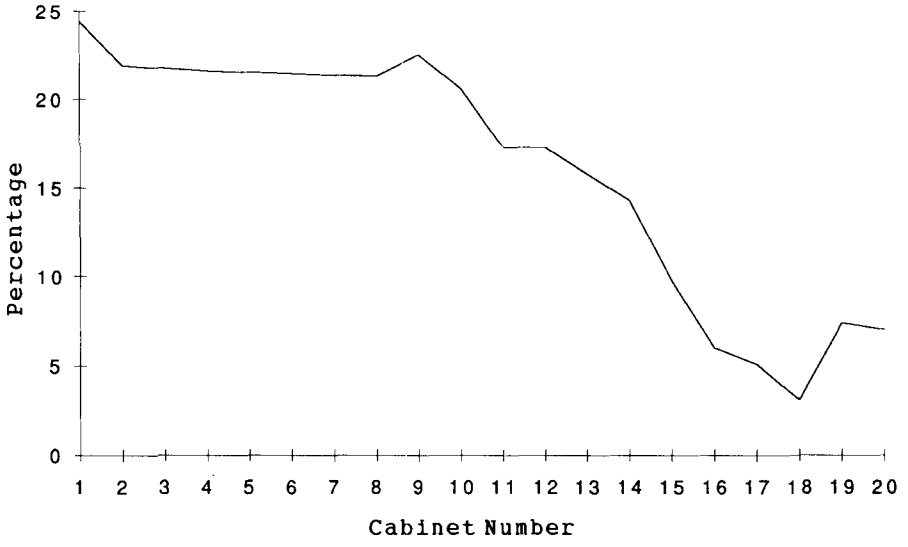

Cabinet #	Date	Cabinet Name
1	July 1972	Dai Ichiji Tanaka Naikaku
2	Dec. 1972	Dai Niji Tanaka Naikaku
3	Nov. 1973	Dai Niji Tanaka Kaizo Naikaku
4	Nov. 1974	Dai Niji Tanaka Sai-Kaizo Naikaku
5	Dec. 1974	Miki Naikaku
6	Dec. 1975	(shuffles of vice ministers)
7	Sept. 1976	Miki Kaizo Naikaku
8	Dec. 1976	Fukuda Naikaku
9	Nov. 1977	Fukada Kaizo Naikaku
10	Dec. 1978	Dai Ichiji Ohira Naikaku
11	Nov. 1979	Dai Niji Ohira Naikaku
12	July 1980	Suzuki Naikaku
13	Nov. 1981	Suzuki Kaizo Naikaku
14	Nov. 1982	Dai Ichiji Nakasone Naikaku
15	Dec. 1983	Dai Niji Nakasone Naikaku
16	Nov. 1984	Dai Niji Nakasone Kaizo Naikaku
17	Dec. 1985	Dai Niji Nakasone Sai-Kaizo Naikaku
18	July 1986	Dai Sanji Nakasone Naikaku
19	Nov. 1987	Takeshita Naikaku
20	Dec. 1988	Takeshita Kaizo Naikaku

FIGURE 1
PERCENTAGE OF LIBERAL DEMOCRATS NOT BELONGING TO THE FIVE FACTIONS

SOURCE: Sato and Matsuzaki (fn. 1), 243; and reports in *Asahi-Shimbun* on each cabinet change.

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Third, even as realignment and expansion altered the external appearance of LDP factions, so their internal profiles changed as well. LDP factions have been transformed in recent years from groups of leaders with entourages into more formal political units with well-defined functional branches.[6] In addition to the post of vice/deputy chairman (who is the counterpart of the party vice president), each of the five major factions has established three important positions that correspond to the Big Three of the LDP: the secretary-general, the chairman of the Executive Council, and the chairman of the Policy Affairs Research Council (PARC). Thus, the formal structure of each LDP faction now mirrors that of the party itself.

As the organizational structure of the LDP has changed, so has the mode of interaction between LDP factions and individual Liberal Democrats. Ad hoc summit meetings between the factional leaders are no longer the dominant mode of resolving disputes and of adjusting conflicting interests. Instead, the management of interfactional politics has become more dependent on a set of organizational norms, or institutionalized rules and principles.

The Evolution of Organizational Norms

There is a set of norms that governs the internal organizational processes of the LDP. These norms deal, in particular, with the appointment of individual members to a limited number of important public positions and thus with the issue of promotions within the party.

The best documented of these is the seniority system, an institutionalized ladder of success that each LDP politician seeks to climb. To move up a step a politician has to win a certain number of elections (see Table 1).

This seniority rule is now rigidly administered within the party.[7] Moreover, because each LDP politician usually advances by specializing in a particular issue-area to become a policy expert within the party, the institutionalized system of promotion has contributed to the recent development of so-called "policy tribes" (*zoku*)—groups of politicians who have developed skills and knowledge in their specialized fields. These policy tribes now influence policy-making processes that were hitherto dominated by powerful bureaucrats.[8]

[6] Hirofumi Iseri, *Habatu Saihensei* (Factional realignment) (Tokyo: Chuo Koronsha, 1988).

[7] Sato and Matsuzaki (fn. 1); Curtis (fn. 1).

[8] Michio Muramatsu and Ellis S. Krauss, "Bureaucrats and Politicians in Policymaking: The Case of Japan," *American Political Science Review* 78 (March 1984); Takashi Inoguchi

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TABLE 1
LDP'S SENIORITY SYSTEM

Ladder of Public Roles	*Number of Reelections Required for Advancement*
House committee member, or vice chair of a PARC[a] committee	2
Vice minister	3
Chair of a PARC committee	4
House committee chair	5
Minister	6 or more

[a] Policy Affairs Research Council of the LDP.

Another important party norm deals with the distribution of powerful positions among the five major factions. This can be broken down further into two different principles, one for the distribution of cabinet portfolios and the other for the distribution of important positions within the party. The central principle in the distribution of cabinet offices is proportionality. Since the late 1960s the number of ministerial positions assigned to each faction whenever the cabinet is re-formed or reshuffled has corresponded closely to the relative strength of the faction within the party, as measured by the number of affiliated LDP incumbents.[9]

The important positions within the party are distributed according to the principle of separation of powers. The president and the Big Three of the party (the secretary-general, the chairman of the Executive Council, and the chairman of PARC) are now customarily chosen from four different factions. And the director of the party Treasury Bureau, who controls the financial affairs of the LDP, tends to be nominated from a faction other than that of the president or the secretary-general.[10]

Although these norms remain uncodified, they impose substantial constraints on the political behavior of factions and individual Liberal Democrats. Thus, for example, when in 1972 Prime Minister Tanaka deliberately violated the principle of proportionality in cabinet appointments by underrepresenting the rival faction of Fukuda and overrepresenting his own, Fukuda initially opposed having members of his faction take part in the Tanaka cabinet. Fukuda's resistance eventually paid off, and Tanaka restored the interfactional balance in his first cabinet shuffle.

and Tomoaki Iwai, *"Zoku Giin" no Kenkyu* (A study of "policy tribes") (Tokyo: Nihon Keizai Shimbunsha, 1987).

[9] Masumi Ishikawa, *Deeta Sengo Seiji-shi* (Postwar political data in history) (Tokyo: Iwanami Shoten, 1984), 219–21.

[10] Sato and Matsuzaki (fn. 1), 71–72.

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Facing similar opposition from other factions, the LDP president Masayoshi Ohira was pressured in 1978 to abandon the idea of appointing his loyal disciple, Zenko Suzuki, as party secretary.[11] Both examples indicate that the norms have gained legitimacy within the party and have been accepted as the standard mechanisms for managing interfactional conflicts.

In sum, the 1970s and 1980s witnessed a manifold change in the organization of the LDP. LDP factions have been transformed in their number, size, and structure. Moreover, the establishment of party norms has generated highly regular and predictable appointments and promotions within the LDP. Such routinization has had the important effect of stabilizing interfactional strife. How can one explain these organizational changes?

Questioning Political Culture Explanations

The dominant paradigm underlying almost all the contemporary work on Japanese politics is the political culture approach. Based on such studies as Nakane's anthropological monograph on "vertical society" and Doi's group-psychology analysis, this approach generally explains the Japanese political system and processes by invoking factors "unique" or "distinctive" to Japanese history, culture, and social behavior.[12] Among the recent studies, Curtis most clearly adopts this approach:

> This book is about the Japanese way of politics. Much of what it has to say will have a familiar ring, because there are many similarities in the way politics is practiced in any modern democracy, no matter how different the cultural contexts of those politics. Respect for civil liberties, competitive elections, responsible government, even the high cost of election campaigns will strike a chord of instant recognition. *But Japan has used the threads of democratic politics to weave through its social structure, constitutional order, political traditions, and value systems a distinctly Japanese pattern. A better understanding of this pattern should contribute to a deeper appreciation of this enormously vibrant, successful, and endlessly interesting country.*[13]

Curtis and other contemporary Japanologists do not wholly ignore other explanatory factors, but the resort to Japanese uniqueness/distinctiveness in explaining the organization of the LDP is ubiquitous in the literature.

[11] Ohira eventually appointed Kunikichi Saito, another senior member of his own faction. This appointment, however, was not a result of overriding the principle of separation of powers; rather, it should be seen as an exceptional face-saving compromise, because Saito was universally respected by Liberal Democrats for his earnest personality.

[12] Chie Nakane, *Tate-Shakai no Ningen Kankei* (Human relations in vertical society) (Tokyo: Kodansha, 1967); Takeo Doi, *Amae no Kozo* (The structure of dependence) (Tokyo: Kobundo, 1971).

[13] Curtis (fn. 1), xii; emphasis added.

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For example, in his classic analysis of the LDP, Thayer argued that factions initially started as informal organizational units rooted in a kind of indigenous Japanese clientelism based on the value of personal trust and "long-term commitments" between bosses and followers.[14] Thayer also attributed the factionalization of the LDP to the nature of Japanese social behavior and Japanese psychology:

> Japan has spent more than a century trying to catch up with the modern world. To be judged old-fashioned is the political death sentence. . . . But the Dietman feels a little uncomfortable in its glare; he talks new but thinks old, and continues to look to his faction for both comfort and support. . . . [The factions] have adopted the social values, customs, and relationships of an older Japan. . . . The old concepts of loyalty, hierarchy, and duty hold sway in them. And the Dietman (or any other Japanese) feels very comfortable when he steps into this world.[15]

More than two decades after Thayer's pioneering study, the notion that LDP factions are the product of traditional attributes of Japanese society is still prevalent. Richardson and Flanagan note that "most explanations [for LDP factions] mention the importance of leader-follower relationships in Japanese history, and sometimes the factions are seen as an extension into the present of traditional *oyabun-kobun*, or patron-client relationships."[16] Richardson and Flanagan themselves do not describe contemporary factions as "purely traditional" entities, stressing various functional needs for their existence. However, they view LDP factions as "political clubs united around a core group of leaders" and thus still recognize the role of patron-client bonds in sustaining and promoting factionalization within the LDP.

Baerwald presents a similar view. In predicting the continuation of LDP factions for the foreseeable future, he argues that "factions and sub-

[14] Thayer (fn. 1) describes the evolution of an LDP faction as follows:

> Take, for example, the Kono faction. . . . The drive for membership in the faction started with a series of banquets in Mukojima, a geisha district, . . . to which Kono's lieutenants invited Dietman who, they thought, would rally to Kono's cause. The site was carefully chosen. It was far enough outside the usual haunts of the Dietmen so that any guest would not have to explain his attendance to other Dietmen, but not so distant that the invitees would have to make an undue effort to attend. . . . The Dietmen ate, drank, joked with the geisha, listened to the raconteurs, and at the end of the evening, signed a book to commemorate the occasion. . . . Kono's only factional membership list was the banquet books, and the only yardstick of factional loyalty was the distance the Dietmen were willing to travel to eat and drink with him. . . . In this period, any faction could be defined as a group of politicians who travelled to the resorts and hot springs for "seminars" and met for an occasional meal in Tokyo. (pp. 22–23)

[15] Thayer (fn. 1), 41.

[16] Bradley M. Richardson and Scott C. Flanagan, *Politics in Japan* (Boston: Little, Brown, 1984), 102.

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factions have been components of Japan's society for a very long time, much longer than the period since the Meiji Restoration in 1868. . . . There have been the 'clan oligarchs (*hanbatsu*),' the 'militarists (*gunbatsu*),' 'family lineages (*iegara*),' 'higher school and university ties (*gakubatsu*)' *ad infinitum*." Baerwald continues: "Hence, to anticipate or wish that factionalism could or should be eliminated from the LDP . . . is to expect this political party to become something other than a Japanese organization."[17]

This brief review reveals some essential characteristics of the political culture approach. First, in explaining the LDP, this approach emphasizes the continuity of Japanese traditional attributes and plays down the impact of the dramatic and ongoing process of Japan's modernization and/or westernization. Second, the political culture approach—to the extent that it emphasizes Japanese uniqueness/distinctiveness—is necessarily limited in scope because the determinants of organizational structure and behavior of the LDP cannot be compared in any meaningful way with those of political parties elsewhere. Third, and most importantly, the political culture approach yields macrolevel explanations for the LDP's factionalization, focusing as it does on the nature of Japanese tradition and society; hence, it ignores the role of individual political actors who make actual organizational choices. In this sense, the political culture explanations are deterministic: regardless of who made final decisions and regardless of the interests, preferences, and strategies of party decision makers, the organization of the LDP would have evolved in the same way, that is, the way it actually did.

Because of its deterministic nature, the political culture approach cannot adequately explain important recent changes in the LDP. With regard to the emergence of the LDP's organizational norms, advocates of this approach seem to take for granted that the seniority and interfactional balancing principles are the product of cultural factors, such as the system of conveying honor and respect embedded in the Confucian tradition and the consensus-oriented nature of Japanese social behavior. Curtis, for example, observes that the kind of norms that have emerged within the LDP exist in Japanese society more generally, and he analogizes the rule of the promotion in the LDP with that in Japanese private firms.[18] However, the current organizational norms of the LDP cannot simply be seen as the products of Japanese societal characteristics. Those norms were not present in the party from its inception. Rather they have been firmly established within the party only recently.

[17] Baerwald (fn. 1), 17.
[18] Curtis (fn. 1), 88–89.

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LDP's seniority system, for instance, was not an established mechanism of promotion in the early days of the party. As Sato and Matsuzaki point out, there were many examples of *batteki jinji* (leap-frog promotion) during these earlier years, whereby LDP representatives in the Diet became cabinet ministers with fewer than five terms in the House of Representatives or with fewer than two terms in the House of Councillors.[19] The far-right column of Table 2 indicates the ratio of such promotions to the total number of LDP politicians who became cabinet ministers for the first time under each prime minister. Thus, as Sato and Matsuzaki conclude, it was not until the long reign of Prime Minister Sato (1965–72) that the seniority rule was established as the mechanism for promotion. And it was only during the 1980s that this system came to be rigidly implemented within the party.

The interfactional balancing principles are also recent innovations. Proportionality, for example, was not in effect prior to the late 1960s. Up until then, interfactional politics within the LDP did not at all reflect an "honorific system" or the "consensus-oriented" nature of Japanese culture and tradition. The distribution of these positions clearly favored the factions that were allied with the winner of the presidential selection, both in quantity (the number of cabinet portfolios assigned to those factions; see Figure 2) and in quality (the "attractiveness" of the assigned positions).[20]

The principle of separation of powers is yet another party norm established only during the last two decades. Since 1972 Presidents Miki, Fukuda, Nakasone, Takeshita, Uno, and Kaifu have not nominated a single person from their own factions for the Big Three positions; only one president, Tanaka, managed consistently to appoint the secretary-general from his own faction. By contrast, during the 1950s and 1960s LDP presidents selected at least one of the Big Three from their own factions.[21] Customarily, the president nominated his right-hand man as the secretary-general; the secretary could then tend to internal party matters, leaving the president, in his role as prime minister, free to concentrate on cabinet affairs. Similarly, the rule of looking outside one's own faction for the director of the Treasury Bureau was established only during the

[19] Sato and Matsuzaki (fn. 1), 41–44.

[20] For the latter, see Michael Leiserson, "Factions and Coalitions in One-Party Japan: An Interpretation Based on the Theory of Games," *American Political Science Review* 62 (September 1968).

[21] The two exceptions are Ishibashi's appointment of party officials in 1956 and Ikeda's appointment in 1964. Interestingly enough, in both cases Takeo Miki was appointed as the secretary-general. Moreover, both Ishibashi and Ikeda became ill and resigned soon after making the appointment.

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TABLE 2
APPOINTMENT OF CABINET MINISTERS

Prime Minister	*Date Took Office*	*# of Cabinet Shuffles*	*# of First-Time Ministers Promoted*	*# of "Leap-Frog" Promotions*[a]	*Percentage of Leap-Frog Promotions to All First-Time Ministerial Promotions*
Hatoyama	Nov. 1955	3	24	6	25.0
Ishibashi	Dec. 1956	1	13	4	30.8
Kishi	July 1957	3	21	3	14.3
Ikeda	July 1960	6	42	1	2.3
Sato	June 1965	7	46	0	0
Tanaka	July 1972	4	27	3	11.1
Miki	Dec. 1974	2	15	0	0
Fukuda	Dec. 1976	2	17	4	23.5
Ohira	Dec. 1978	2	28	2	7.1
Suzuki	July 1980	2	17	0	0
Nakasone	Nov. 1982	5	60	0	0
Takeshita	July 1987	2	21	0	0
Uno	June 1989	1	11	0	0
Kaifu	Aug. 1989[b]	2	23	0	0

SOURCES: Sato and Matsuzaki (fn. 1), 43; and *Asahi-Shimbun*, July 23, 1986; November 7, 1987; December 28, 1988; June 3, 1989; August 10, 1989; and February 28, 1990.

[a] Excludes appointments of non-Diet persons.

[b] As of March 1990.

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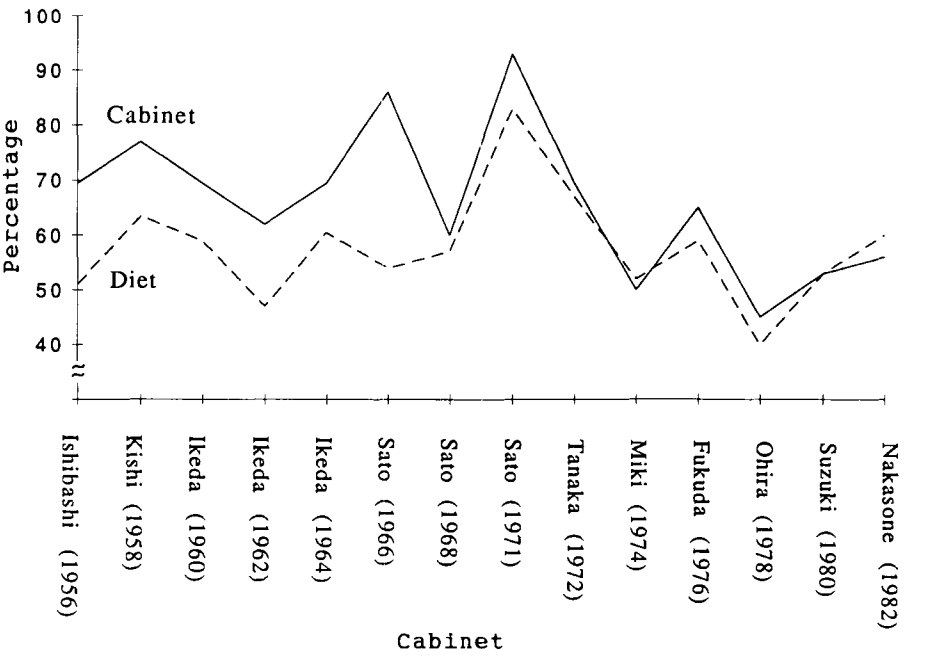

FIGURE 2
DISTRIBUTION OF CABINET PORTFOLIOS AND OF DIET SEATS FOR THE "MAINSTREAM" FACTIONS ALLIED WITH THE PRESIDENT

SOURCE: Approximated from Sato and Matsuzaki (fn. 1), 66, Figure 7.

last two decades. Before 1974 this position was usually filled by someone from the president's (and the secretary-general's) faction.

Thus, the political culture approach cannot explain the recent evolution of organizational norms within the LDP. The fact that the seniority and interfactional balancing principles were once absent suggests that these norms do not derive from Japanese tradition and social behavior.

The political culture approach is equally problematic with regard to the other important aspect of recent organizational development: the changing pattern of factionalization. Some analysts argue that the changes in the number, size, and structure of LDP factions have resulted primarily from changes in Japanese political culture itself. Curtis observes that the patron-client bonds between bosses and followers played an essential role in maintaining factions in the past but that these bonds became "much less evident in factional organization in the 1980s," as factions "evolved into less leader-dominated, more collegial structures." Curtis attributes this change not only to the progress of Japan's modern-

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ization in general but also to "generational change" in factional leadership: "All faction leaders today have inherited their factions, and there are few LDP politicians left who are cut out of the mold of the old-line political bosses who dominated the party's factional politics in early years."[22] With the disappearance of the party's founding fathers, the succession of leadership became the major source of conflict within each faction. Thus, according to Curtis, the dissolution of personal ties was the main cause for the regrouping of factions and for the organizational modernization to manage intrafactional strife.

However, this explanation leaves important questions unanswered. While it may be true that socioeconomic and demographic factors caused a decline of solidarity within each faction, it is not clear why these factors did not lead to the dissolution of all factions and thus to a complete transformation of the LDP's internal structure. Why, in particular, did only five major factions survive the crises and not the others? Furthermore, while the political culture approach may reveal the cause of the weakening of the old factional alignment, it does not explain why, and the extent to which, the remaining factions were able to expand and incorporate the members of the defunct smaller factions. Given the decline of personal bonds, what accounts for the entry of these members into other factions?

In addition, the explanation embedded in the political culture paradigm is more generally problematic on methodological grounds: How can one know whether the "personal bonds" between leaders and followers have really "declined" in any significant way? If one wants to argue that the decline of factional solidarity explains some behavioral outcome (in this case the changing pattern of factionalization), then the specification of this decline must be done prior to, and independent of, observing the behavioral outcome, to avoid a circular argument. Obviously, however, personal bonds are difficult to measure, and the decline of such bonds is almost impossible to operationalize. Probably the only method for identifying the decline of factional solidarity ex ante is a systematic survey of LDP politicians, but neither Curtis nor any other scholar provides such survey data.

In sum, the conventional political culture approach fails to explain the changes in the LDP that have taken place during the last twenty years. In the next section, I propose an alternative, microanalytic explanation and explore the rational foundations of the organizational development of the LDP.

[22] Curtis (fn. 1), 81.

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A Rational-Choice Explanation

Assumptions

I assume that the two sets of actors (politicians and supporters) that affect the organization of the LDP are rational in the standard Schumpeterian/Downsian sense. First, the LDP politicians "act solely in order to attain the income, prestige, and power which come from being in office."[23] These politicians thus seek (1) to increase the chance of their (re)election and, once (re)elected, (2) to pursue their promotion to more lucrative, prestigious, and powerful positions. Second, LDP supporters vote according to their "expected candidate differential," or the relative expected utility associated with different politicians' activities during their incumbency. This, of course, is a modified version of Downs's "expected party differential." Implicit in this modification is that the LDP supporters, because of their party's continuous domination in the Diet, take it as a given that the party as a whole will win the election and remain in government. These supporters therefore focus on the difference in the expected benefits associated with individual LDP candidates rather than on the difference at an interparty level.

In addition, I assume that these actors seek to maximize their utility under two constraints: (1) a given set of institutional arrangements (such as the constitution, laws, and administrative regulations) that affect the activities of political parties[24] and (2) the uncertainty involved in the dynamics of intraparty politics that influences actors' strategy of utility optimization.[25]

Electoral Incentives and Factionalization of the LDP

Based on the above set of assumptions, let us reexamine some fundamental questions about the LDP: Why does factionalism persist? And why have the number, size, and structure of LDP factions changed in the last two decades?

[23] Anthony Downs, *An Economic Theory of Democracy* (New York: Harper and Row, 1957), 28.

[24] Implicit in this assumption is that these institutional constraints are exogenous in the sense that all political actors must take the legal regulations as "givens" in making actual organizational choices; they are thus unable, at least in the short run, to change these regulations in any significant way.

[25] Thus, the impact of political dynamics at an interparty level is considered negligible and/or irrelevant as a source for the strategic behavior of LDP politicians and LDP supporters. This assumption is justifiable, given the expectation of these actors that the domination in the Diet by the LDP will continue for the foreseeable future.

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PERSISTENCE

The Japanese electoral system is known to be one in which "it is relatively easy for any candidate to run" but "it is extremely difficult to win."[26] Suppose, for example, an LDP politician is ready to enter an electoral race for the first time. In order to run for office, she is required to deposit only a relatively small amount of cash, which will be returned after the election if she polls approximately 5 percent of the votes cast. Thus, in entering an electoral race, she has no incentive to join any faction. However, in order for her to run an effective campaign and eventually to win an election as an official LDP candidate, her incentive structure is different. Several institutional constraints limit her range of options, and factional affiliation becomes almost a prerequisite for winning.

The incentive structure for individual candidates to affiliate with a major faction originates from two important characteristics of the Japanese electoral law. First, the law stipulates, with few exceptions, medium-size districts with three to five members in the House of Representatives, the more important, lower house.[27] Second, under this law votes cannot be transferred among the candidates from the same party (single nontransferable vote). In order to win a majority of seats, the LDP must nominate two or more candidates in each electoral district, because the House consists of more than 500 delegates and the total number of electoral districts is 130. Since these candidates compete for the same pool of conservative voters, it would be difficult for the party to develop a campaign for any particular candidate. Unable to rely on the party per se, the candidates are better off affiliating with the existing LDP factions for financial support and campaign expertise.

Candidates also have an incentive to join major LDP factions for the less tangible benefits associated with official party nomination, which is otherwise difficult to obtain. Under the system of medium-size electoral districts and the single nontransferable vote, the LDP must limit the number of candidates in each district in order to maximize its representation with the votes cast. As a consequence, the existing factions are always directly involved in determining party nominations to secure

[26] T. J. Pempel, *Policy and Politics in Japan* (Philadelphia: Temple University Press, 1982), 36.

[27] Since 1955 there has been only one single-member district (in the Amami Island district). In the most recent, 1986 redistricting one six-member district (Hokkaido) and four two-member districts (Ishikawa, Hyogo, Kagoshima, and Nigata prefectures) were created as exceptions.

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their "share" in the final list of nominees. Obviously, this process favors the incumbents, who are already affiliated with these factions; for the new candidates this process provides an incentive to declare a firm and explicit commitment to some faction even before they know whether they can run as official LDP candidates.[28]

Candidates might not need to rely so heavily on factional support and endorsement if the electoral environment were more generally such that smaller unknown candidates could compete efficiently with the veterans. But other institutional factors further amplify the disadvantage of being an independent Liberal Democrat, or one who has no factional affiliation.

The timing of elections under a parliamentary system is not periodic. Although the Japanese constitution defines the maximum length of the interelection period (four years), the exact timing of elections is determined by a host of factors such as pressure from the opposition, intraparty negotiations, and international events, as well as by macroeconomic considerations.[29] This in turn advantages factionally affiliated candidates over the independent Liberal Democrats even before an electoral campaign begins: those who belong to major factions and thus have frequent contact with influential senior members of the party are more likely to possess inside information regarding the political schedule. Independents, by contrast, usually have to rely on newspapers and other public sources.

In addition to this asymmetry in access to political information, the independent Liberal Democrats are disadvantaged during the campaign period itself. Under a system of periodic elections, it might be easier for less well known candidates to run an efficient campaign, by distributing their financial, personnel, and other resources to synchronize the peak of support with the predetermined timing of elections. An innovative campaign strategy might thus compensate for the lack of a bloc vote based on organizational support. In Japan, however, strategy does not substitute for resources, because no candidate can plan in advance a sophisticated campaign schedule that would maximize the efficiency of resource

[28] Since there are usually more candidates wanting to run for the LDP than the optimal number that the party nominates, the nomination process produces a strange phenomenon in many electoral districts: some candidates run with support from LDP factions but without the official nomination of the party. While this may split the conservative vote and thus seem to work against the LDP, the net effect remains ambiguous. Should the officially nominated candidates lose and the unofficial candidates with factional support win, the LDP can always then nominate the winners in order to ensure its majority in the House.

[29] Masaru Kohno and Yoshitaka Nishizawa, "A Study of the Electoral Business Cycle in Japan: Elections and Government Spending on Public Construction," *Comparative Politics* 22 (January 1990).

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allocation. In fact, precisely because of the uncertainty in the timing of elections, most candidates are likely to follow a similar conservative campaign strategy, waiting until the very last moment to launch a major offensive, by which time the election is already absolutely certain.

The relatively short Japanese campaign period is another institutional factor that works to the disadvantage of Liberal Democrats running without factional endorsement. If it were longer, unknown candidates could have time to develop grass-roots support, building up their reputations gradually and collecting political contributions along the way. According to the Japanese constitution, however, a general election must be held within forty days of the date the House of Representatives is dissolved (Article 54). Candidates are thus limited to the resources at their disposal at the opening of the campaign; they cannot rely on future political contributions.

In sum, electoral laws, nonperiodic elections, and the short campaign period constitute a set of institutional constraints. Factions persist because they meet the electoral incentives of rational LDP candidates; without factional affiliation, it is virtually impossible to win an election.[30]

OPTIMAL SIZE, EXPANSION, AND STRUCTURAL MODERNIZATION

The tendency for LDP factions to persist does not necessarily entail their expansion, however. In fact, LDP factions remained relatively constant in size throughout the 1950s and 1960s, which suggests the existence of some inherent "optimal" size in terms of their membership. What explains this optimality?

Because LDP factions, rather than the party itself, finance the campaigns of individual members under the existing electoral system, fac-

[30] One can also argue that from the perspective of LDP supporters LDP factions have a rational foundation. Suppose a voter is calculating his "expected candidate differential" among two or more LDP candidates. The most important element in this calculation is his judgment about the relative ability of each local candidate to influence the central policy-making authority, such as high-ranking Japanese bureaucrats and/or influential members of policy tribes within the LDP. Whether his vote will be translated into tangible benefits for his own welfare depends almost entirely on this ability, which in turn depends on the candidate's background, especially her connections with the relevant ministries and bureaus, her relationship with senior LDP members, her experience, and her overall influence in the policy-making process. Obviously, it is extremely difficult and costly for the voter to collect such information for all candidates. The information may not be available to the public, and even if it were, it might not be credible. The voter knows, however, that affiliation with a major LDP faction almost guarantees the candidate a network of personal ties with the established elites and thus direct access to the policy-making processes in important issue-areas. In this sense, factional affiliation plays a role similar to Downs's "political ideology": it helps voters make their voting decisions without knowing about every candidate specifically and in detail. See Downs (fn. 23), 96–113; and John Ferejohn, "The Spatial Model and Elections" (Paper presented for the Downs Conference, University of California, Irvine, 1989).

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tional leaders are responsible for soliciting political funding from corporations and business associations. Some factional leaders may be more effective fund-raisers of course, and it is thus possible that some factions will attract more candidates than others and that the size of factions will vary accordingly. Obviously, however, the membership of an LDP faction can expand only to the limits of each leader's fund-raising capability. Such a point is a rationally induced equilibrium. Individual candidates will shop around until they find the faction that promises the best financial support; the size of a faction will thus *necessarily* expand up to this point and will not expand beyond it.

In addition, there are sometimes disincentives for a rational LDP candidate to join certain factions. If the candidate is entering an electoral district that already has representatives of some factions, she will avoid affiliating with those factions. Even veteran candidates will change their affiliation from one faction to another if exogenous factors create similar disincentives.[31] Thus, the Japanese electoral system generates two seemingly opposite dynamics. On the one hand, it encourages an individual Liberal Democrat to join an LDP faction, thus promoting some factional expansion. On the other hand, the system inhibits a particular LDP faction from expanding indefinitely, thus preventing domination of the party by a single faction.[32]

Given the optimality, what, then, explains the recent expansion of factional membership? Most directly, factional expansion is a consequence of the decrease in the number of viable factions from eight to five within the party. Due to "natural selection"—upon which I elaborate in the next subsection—smaller factions disappeared during the last two decades. Individual Liberal Democrats who had been members of the smaller

[31] There is ample evidence that these disincentives actually determine factional affiliation. A well-known recent example is the case of candidate Hayashi in Kochi prefecture. Hayashi had been an elected member of the House of Councillors, but he lost his seat in the July 1989 election (in which the LDP lost its majority in the upper house for the first time since 1955). In 1990 the House of Representatives was dissolved, and Hayashi decided to run in the February general election. Although he was originally a member of the Miyazawa faction, he knew that he would not receive factional endorsement because that faction already had representation in the lower house in the district. Hayashi therefore left the Miyazawa faction for the Takeshita faction before the election.

[32] Many examples of testimony by factional leaders during the 1950s and 1960s not only point to the existence of a certain optimal factional size but also confirm the basic logic of the explanation developed here. For example, Shojiro Kawashima, who led a minor faction, was once quoted as saying, "The appropriate size of a faction is about twenty-five, given the financial constraints"; quoted in Sato and Matsuzaki (fn. 1), 61. Banboku Ohno, who led a major faction, is reported to have said that the optimal number was about forty. Beyond this number, he explained, factions would face three major problems: the possibility that members would have to compete within the same electoral district, the difficulty of soliciting sufficient contributions, and the shortage of cabinet and party positions for promotion; see Watanabe (fn. 1), 2–3; and Curtis (fn. 1), 83.

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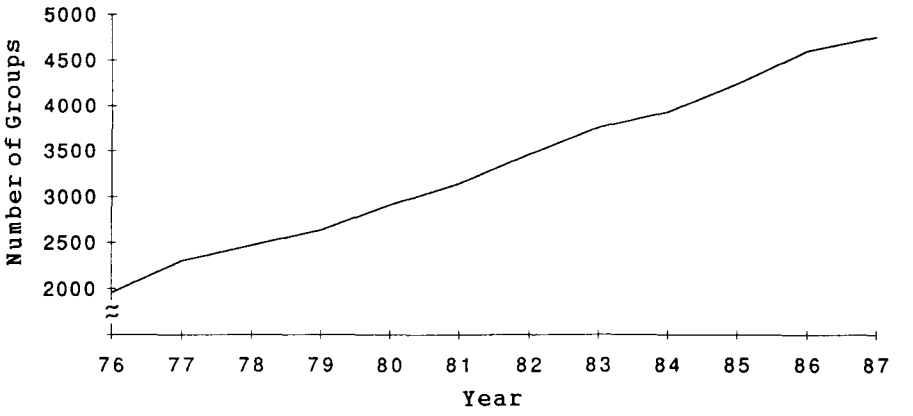

FIGURE 3
POLITICAL GROUPS REGISTERED TO THE MINISTRY OF HOME AFFAIRS
SOURCE: Iwai (fn. 34), 81.

factions found that they were better off joining other factions than remaining independents. Thus, the reduction in the number of factions changed the optimal faction size.

A more indirect, but no less important, factor was the 1975 revision of the political funding regulations. This revision came in the aftermath of the "Lockheed scandal," in response to sweeping public demand for reform of the system's excessive "money politics." The revised law, with its many loopholes, has had complex and pervasive implications.

On the one hand, the new law strictly limits political contributions from firms and business groups, thus making it more difficult and "risky" to attract large contributions at a party or factional level. On the other hand, it imposes no restrictions on political contributions from registered "political groups." Because there is no limit on the number of such political groups that may support a single politician, and because these political groups are exempt from filing a report on the original sources of contributions that do not exceed a million yen per year, individual politicians have had new incentives to raise political funds on their own. Iwai presents convincing evidence that LDP politicians have been trying to increase their financial autonomy by establishing many small political groups and thus diversifying their sources of political funding. (See Figure 3.)

In practice, however, the extent to which LDP politicians have gained financial autonomy and the pace at which they have done so have varied. Although some veteran candidates have become less dependent on factional support, other Liberal Democrats, especially those who are enter-

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ing the electoral race for the first time, continue to rely on factions for financial support. This growing asymmetry in individual financial situations has enabled factions to reallocate their resources for recruiting new candidates while spending less on maintaining the affiliation of their current members. In fact, each of the five major factions has invested in modernizing its internal organizational structure in order to recruit new members more aggressively and more efficiently. New positions such as the offices of secretariat and public relations have been created within each faction, specifically to serve this purpose.[33] Somewhat paradoxically, then, the increased individual incentives for financial autonomy under the new regulations have had the unforeseen consequence of facilitating both the expansion of factional membership and the modernization of factional structure.

To explain the structural modernization more fully, however, one must focus on one final factor: a major change in the incentives of a particular subset of LDP politicians—factional leaders. The Lockheed incident, which led to the reform of regulations concerning political funding, also had more indirect, psychological effects, especially because it resulted in the indictment and arrest on bribery charges of former Prime Minister Tanaka. Factional leaders had long monopolized the channels through which political funds were collected, but after Lockheed they became aware of the need to diversify these channels for the purpose of "risk allocation."[34]

Here lies the rational foundation for the restructuring of LDP factions: a de facto collective leadership in which some members share the responsibility for collecting political contributions within each faction was a rational response on the part of the leader to the increased, perceived threat of forfeiting his entire political future in a similar scandal. Since each leader began depersonalizing his funding channels, the decision-making authority within a faction has been more decentralized to various functional branches and individual factional members.

In sum, increased individual incentives for seeking financial autonomy flow from the new regulations governing political contributions; and these explain, at least in part, both the expansion of factional membership and the modernization of factional structure. However, the latter is also a product of incentives for factional leaders to allocate the "risk" in collecting political contributions. And the former is also a more direct

[33] *Asahi-Shimbun*, December 12, 1987.

[34] Tomoaki Iwai, *"Seiji Shikin" no Kenkyu* (A study of "political funding") (Tokyo: Nihon Keizai Shimbunsha, 1990), 106.

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consequence of the dynamic selection process that reduced the number of viable factions, an issue addressed in the next section.

"NATURAL SELECTION" OF LDP FACTIONS

LDP factions seem to have not only an optimal size but also some optimal number. There are now five major factions within the party: four relatively large ones, Takeshita, Mitsuzuka, Miyazawa, and Watanabe, and the smaller Komoto faction. During the last two decades, other factions have either disappeared or merged with these five factions. What has generated this evolution of LDP factions?

Maurice Duverger, in his classic work on the relationship between the number of political parties and the electoral system, argues that the single-ballot plurality system brings about a two-party system. According to Duverger, this lawlike relationship exists because (1) rational politicians will leave losing parties that are underrepresented ("mechanical effect") and/or (2) rational voters will not waste their votes on losers ("psychological factor").[35] Steven Reed has extended Duverger's law to the Japanese context and demonstrated empirically that "where n is the number of seats in the district . . . elections in simple plurality elections with multi-member districts tend to produce competition among n + 1 candidates."[36] Duverger's notions of rational politicians and rational voters are consistent with the assumptions adopted in this paper for LDP politicians and LDP supporters, and the basic logic of Duverger's law can be extended further, to explain the selection process of factions within the LDP.

Obviously, the size of each electoral district determines the number of candidates that the LDP (or any one party) should nominate in that district: the number of candidates must not exceed N. One may aggregate this prediction and claim that the *maximum* number of LDP factions that can exist under the current Japanese electoral arrangement is five, given that there is only one district (out of 130) that elects more than five members to the House of Representatives. Such an aggregation might be problematic in a country where the autonomy of local government and political activities is relatively high due to cultural, linguistic, and regional cleavages.[37] In the case of Japan, however, the LDP is indisputably

[35] Duverger, *Political Parties: Their Organization and Activity in the Modern State* (New York: Wiley, 1963).

[36] Reed, "Structure and Behavior: Extending Duverger's Law to the Japanese Case," *British Journal of Political Science* 20 (July 1990), 336.

[37] See Douglas Rae's treatment of Canada as an exception to the simplest version of Duverger's proposition that plurality formulas cause a two-party system; Rae, *The Political Consequences of Electoral Laws* (New Haven: Yale University Press, 1967), 94.

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a nationwide party that controls the overwhelming number of prefectural and municipal offices throughout the country. Given the absence of social cleavages, small localized factions are unlikely to develop; and even if they were to develop, they would be likely to merge with each other in the long run in order to reduce various kinds of information and transaction costs. Thus, it is reasonable to claim that the "rational abandonment" of losing factions in each electoral district has led to the gradual selection of smaller LDP factions at the aggregate party level.

The maximum number, of course, does not mean an "optimal" number. If rational abandonment is the key mechanism of the selection process, one would predict that the optimal number of LDP factions would be somewhere below five, given that only about a third of the total electoral districts are five-member districts, with the others electing fewer than five representatives. This prediction appears to be consistent with the observed reality that one of the five existing factions, Komoto faction, is small relative to the other four.

To substantiate this claim, I have investigated the distribution of candidates from each faction across different types of electoral districts. If LDP politicians/supporters have disincentives to remain/support candidates of underrepresented factions, one would expect that the members of the fifth faction (Komoto faction) and independents, as compared with members of the four larger factions, would be less likely to be candidates in three-member districts and more likely in five-member districts. Evidence from the most recent election supports this hypothesis. (See Table 3.)

There is a significant difference between the distribution of candidates across three types of electoral districts in the four large factions, on the one hand, and in the Komoto faction and among independents, on the other. Clearly, Liberal Democrats who do not belong to the four major factions are more likely to become candidates in five-member districts and less likely in the three-member districts. I have replicated the same analysis for a few other elections that were held recently and found that the patterns of distribution were almost identical to the one reported above. The replicated results suggest that the observed pattern is an equilibrium and that the composition of LDP factions is likely to remain as four large factions plus one small faction, at least for the near future.[38]

[38] The static cross-sectional analysis (and the replication of such analyses) that I have conducted may not constitute a sufficient proof for the actual selection process, which is dynamic in nature. Ideally, one would need a large-scale panel survey in order to verify more directly that LDP politicians and LDP supporters act rationally and that they really abandon the losing factions over the long run. However, given that such a survey has never been con-

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TABLE 3
DISTRIBUTION OF FACTIONAL CANDIDATES IN 1990 ELECTION[a]
(NUMBER AND PERCENTAGE)

Faction	District Size				Total Candidates
	3	4	5	Other	
Takeshita	24 (29%)	24 (29%)	34 (41%)	1 (1%)	83
Nakasone[b]	22 (31%)	21 (30%)	23 (33%)	4 (6%)	70
Abe[c]	23 (29%)	28 (35%)	26 (33%)	2 (3%)	79
Miyazawa	24 (31%)	24 (31%)	27 (35%)	2 (3%)	77
Komoto	6 (19%)	10 (31%)	14 (44%)	2 (6%)	32
Independents	5 (19%)	3 (12%)	14 (54%)	4 (15%)	26

SOURCE: *Asahi-Shimbun*, February 4, 1990.
[a] Includes candidates affiliated with a faction but without official party nomination at the time of election.
[b] Currently led by Michio Watanabe.
[c] Currently led by Hiroshi Mitsuzuka.

In sum, natural selection of LDP factions occurs because, as Duverger would argue, it is rational for LDP politicians and supporters to abandon smaller factions that are underrepresented. The evidence from the recent elections seems to indicate that under the current electoral arrangement the optimal number of LDP factions is just below five (four large and one small).

PROMOTION INCENTIVES AND THE EVOLUTION OF LDP NORMS

LDP politicians, once (re)elected, pursue promotion within the party, seeking to occupy more lucrative, prestigious, and powerful positions. More specifically, for the leaders of factions, promotion means becoming the next president of the LDP (and thus the prime minister of Japan). For rank-and-file LDP politicians, promotion means, at least in the short run, occupying cabinet portfolios and important party positions, such as PARC committee chairs. How do these secondary incentives of individual Liberal Democrats explain the pattern of promotion and appointment of public positions?

Suppose a factional leader is running for the presidency. Because the optimality in the size of factional membership allows no single faction to dominate a majority within the party, the leader has not only to consolidate the support within his own faction but also to form a coalition with at least one other faction. Given the promotion incentives of rank-and-

ducted in Japan, I believe that the data and analysis presented here remains the best available evidence.

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file Diet members, the best, if not the only, way to ensure the endorsement from the coalition is to promise that once he gets elected he will deliver a "share" of cabinet portfolios and other important positions to the allied faction. In fact, during the process of presidential selection, the party tends to be divided into two camps, "mainstream" factions that form the winning coalition and the other, "nonmainstream" factions. And because the absolute number of distributable positions is limited, this tendency translates itself into overrepresentation of the mainstream factions in cabinet and party appointments.

If he were playing a "one-shot game" of coalition building, the elected president might be tempted to renege ex post and not to deliver the promised positions. In such a situation, he would overrepresent only his own faction because the other faction would not have any means to retaliate against him. However, the nature of the interfactional political process within the LDP is a "repeated game." Because the number of distributable positions, especially cabinet portfolios, is so limited, the president is expected to shuffle his cabinet frequently in order to meet the promotion demands of the rank and file.[39] This means that if the president had reneged in his previous appointments, the other faction would have an opportunity to retaliate, for example, by refusing to participate in the new cabinet, withdrawing from the coalition, and eventually shortening his presidency. It is reasonable to assume that the president himself wants to stay in that position as long as possible, given that it is the most lucrative, prestigious, and powerful position in Japanese political life. Therefore, in order to maintain the coalition and to prolong his incumbency, the elected president has good reason not to renege.

Thus, a systematic overrepresentation of the mainstream factions is a direct product of the promotion incentives of individual LDP politicians, especially of factional leaders. It is not surprising that such a pattern was reflected in the actual distribution of public positions up until the late 1960s. This is not the end of the story, however.

Once elected, the president operates under a high degree of political uncertainty, because the leaders of other factions, also pursuing party leadership, will soon start fashioning a new coalition in preparation for competing in the next presidential selection. Factional leaders in the nonmainstream, especially, have strong incentives to alter the status quo: if their underrepresentation in the cabinet and party were to continue, they might eventually lose the support of their own rank and file. The president must therefore anticipate new developments and act strategically.

[39] In reality, cabinet shuffles occur about once a year, and a new set of party officials is usually selected at about the same time.

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More specifically, two kinds of preventative measures may prolong his incumbency. First, the president can try to prevent the partner from departing from the existing mainstream coalition by promising the allied partner his "future endorsement." In a second, more aggressive strategy the president can change his coalition partner by making some attractive offers to nonmainstream factions that are currently underrepresented.

The first strategy is logically flawed in the sense that the partner has no way, ex ante, of preventing the president from reneging once the president finishes his own terms of office. Because it cannot be credible, the president's promise for future endorsement does not prevent the existing coalition from falling apart. In 1959, for example, President Kishi tried to consolidate his coalition by promising his coalition partner, Ohno, that upon his resignation he would endorse Ohno as the next president. Even though this promise was given in writing and witnessed by influential business elites and politicians, Ohno later doubted its credibility and strengthened his ties with Kishi's archrival, Kohno.[40] There was nothing to prevent Kishi from reneging after he decided to resign in 1960; and, indeed, he supported Ikeda, not Ohno, as the next president.

The second coalition manipulation strategy, by contrast, seems to work, at least for awhile. This strategy was pursued by President Ikeda during his incumbency. Ikeda was initially supported by the so-called three ex-bureaucrat factions led by Sato, Kishi, and himself. Ikeda later incorporated the Kohno and Ohno factions into the coalition by delivering cabinet portfolios and important party positions, whereas Sato became the chief enemy when Ikeda sought his third term. This second strategy is not without its own problems, however. Ikeda could not continue to manipulate the coalition indefinitely. Because the composition of mainstream and nonmainstream factions had already been completely reversed, Ikeda had run out of options to form a new winning coalition. So although the coalition manipulation bought some time, it was destined to fail in the long run. In fact, Ikeda's victory over Sato was so marginal that Ikeda, when he finally resigned in 1964, had no choice but to endorse Sato as his successor.

It was in this context that the seniority and interfactional balancing rules evolved as the mechanism for determining promotion and appointment. Having observed the failure of the myopic strategies of his two predecessors, President Sato adopted these rules and thus shifted the em-

[40] Motoo Goto, Kenzo Uchida, and Masumi Ishikawa, *Sengo Hoshu Seiji no Kiseki: Yoshida Naikaku kara Suzuki Naikaku made* (History of the postwar conservative politics: From Yoshida cabinet to Suzuki cabinet) (Tokyo: Iwanami Shoten, 1982), 139.

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phasis of his strategy from the consolidation of the existing coalition to the avoidance of making a future enemy. Passive in that it represented both mainstream and nonmainstream factions with a lawlike regularity, Sato's new strategy enjoyed little room to maneuver in the distribution of public positions. Nevertheless, this regularity minimized adventurism on the part of other factional leaders, because it allowed them to protect, ex ante, a "fair share" in cabinet and party positions.

Sato's strategy has become institutionalized as party *norms* that regulate promotion and appointment. Undeniably, Sato was successful in prolonging his incumbency by adopting the seniority and interfactional balancing principles: his ninety-two-month reign (from November 1964 to July 1972) was the longest continuous administration in Japanese parliamentary history. A possible explanation for the subsequent institutionalization of these rules therefore is that LDP presidents during the 1970s and 1980s simply copied Sato's strategy. In fact, one recent president, Noboru Takeshita, was frequently quoted as saying that Sato was his mentor and had taught him all the basic skills necessary to run internal party affairs.

This explanation based on the notion of "learning" would be persuasive only if the copied strategy had continued to produce the same desired outcome. In reality, however, most of the recent LDP presidents (except for Nakasone) have been unsuccessful in coping with political uncertainty and in prolonging their terms, even though they have for the most part adopted the seniority rule and interfactional balancing principles. The fundamental question thus remains: Why is it rational for these presidents to continue Sato's strategy, despite its apparent failure?

There are two keys to solve this puzzle. First is the expected time limit of any one presidency: as no faction has a majority within the party, no LDP president expects to remain in that position indefinitely. This further complicates the president's strategic calculations: he must prepare not only for when he will be out of office but also for the possibility that he will become nonmainstream. The president knows that if he deviates from the seniority and balancing rules by overrepresenting his own faction and underrepresenting those of his rivals, he is likely to suffer retaliation in the future, when a rival takes over the presidency. And, in turn, each factional leader knows that when he becomes president, he will face the same basic problem. As a result, an optimal outcome for promotion and appointment issues is a system in which both mainstream and nonmainstream factions are fairly represented with a certain predictability. There exists no Pareto-superior solution, as long as the composition of mainstream and nonmainstream factions is malleable over time and as

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long as the president (and each other leader) anticipates future retaliation from any potential rivals.

The second key to solving the puzzle lies in the complex nature of the coalition-building game. If the game were being played simply at the interfactional level, the president might not worry about future retaliation; by the time his term were over, all his personal political ambitions would probably have been accomplished and he himself would have little promotion incentive left. But the game is actually more complicated than that. Whereas the president may personally be at the end of his own political career, the rank and file of his faction will still have plenty of promotion incentives and therefore will be concerned about future retaliation from the rival faction. In particular, those seeking to take over the leadership of the faction can be expected to oppose the overrepresented appointments during the current period, in order to avoid underrepresentation resulting from retaliation in the future periods, during which they become the leader. Thus, the president is in fact playing a "nested game": his decision to make overrepresented appointments at the interfactional level would have serious political repercussions for his own faction.

In sum, the seniority and balancing rules began as President Sato's strategy for coping with the uncertainty involved in the dynamics of interfactional politics and for prolonging his incumbency. The subsequent institutionalization of these rules had a twofold rational foundation. At the interfactional level, it was a preventative measure with which to constrain the president's abuse of power within the party and thus to protect, ex ante, each faction's share of important public positions. And at the intrafactional level, it was a preventative measure at a given time with which to constrain the factional leader's abuse of power, which would be detrimental to the interests of those who might seek the factional leadership at a future time.

Discussion and Conclusions

The changing organization of Japan's Liberal Democratic Party cannot be explained by the unique/distinctive attributes of Japanese culture and tradition. This paper has developed an alternative rational-choice explanation based on a set of standard microanalytic assumptions about the utility functions of relevant actors, institutional constraints, and strategic behavior within an uncertain environment. Japanese politicians and voters are as self-seeking as those elsewhere in acting to further their own incentives, and there is no reason to believe that the application of these

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assumptions to the Japanese context is problematic. In this sense, the determinants of the organization of the LDP are comparable to those of political parties in other Western democracies.

I have shown that the rational-choice model provides a coherent and comprehensive explanation for organizational changes in the LDP during the last two decades. The changing pattern of factionalization, in terms of number, size, and structure of major factions, is determined by the electoral incentives of LDP politicians and LDP supporters. The party norms that regulate appointments and promotions evolved because of the promotion incentives of LDP politicians. Since neither of these two aspects of organizational changes can be adequately explained by the conventional political culture approach, I conclude that the rational-choice perspective provides a more powerful explanation for the ruling party in Japan.

Although I am confident of the evidence and analysis presented in this study, I am also aware of at least two potential improvements that might be made in future research. First, it may be necessary to reconsider the restriction that I have imposed on the utility of LDP supporters, who are assumed to vote according to their "expected candidate differential" rather than "expected party differential." Some may object to this restriction because it is based on the exogeneity of the LDP's assured electoral victory. Especially in light of the electoral upset in the upper house election in 1989, others may argue further that the assumption about LDP supporters should be modified to account for the impact of interparty electoral competition. I believe nevertheless that these objections do not constitute a serious concern because, within the framework developed in the previous section, the electoral incentives of LDP supporters play only a marginal role in explaining the changing pattern of factionalization within the LDP (and these voters are simply irrelevant in explaining the emergence of party norms). Unless (until) the electoral behavior of Japanese voters as a whole changes drastically and the LDP is pushed out of power, I believe it is still fairly unproblematic to assume "expected candidate differential."

A second and more important comment can be made on the possible interaction between individual incentives and institutional context. In this study, the institutional arrangements, such as the constitution, electoral laws, and regulation of political funding, are treated as exogenously determined. Some might argue that if the actors are rational in maximizing their utility, they would want to change (at least in the long run) the institutional arrangements in their favor once they were in a position to do so. The electoral laws in particular could easily be the target of

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manipulation based on the electoral incentives of politicians. It is of course beyond the scope of this paper to endogenize each relevant institutional context and to trace how it was originally created and how it has been maintained until the present. For a rational account of the LDP to be complete, therefore, it is probably necessary to integrate such detailed historical examination of the evolution of electoral laws with the analysis and evidence presented in this paper.

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LIMITS OF STATE STRENGTH
Toward an Institutionalist View of Economic Development

By RICHARD F. DONER*

I. Introduction

UNTIL the 1980s, political scientists and sociologists studying economic development attempted to explain why growth did not occur, occurred slowly, or occurred in a distorted, dependent form. The impressive economic performances of the East Asian newly industrialized countries (NICs) have changed this. Many noneconomists (as well as some economists) are now focusing on the political bases of development rather than underdevelopment.

There are differences among these analysts. Some distance themselves from neoclassical economics by emphasizing the importance of "getting the prices wrong"; others acknowledge the utility of market-conforming policies.[1] But common to recent studies of NICs is the belief that growth-promoting economic policies require certain types of domestic political institutions. Analysts have emphasized the utility of strong states in this regard.[2] Through an analysis of efforts to promote local auto manufacturing in Southeast as well as East Asia, this article argues for an institutionalist approach to development that goes beyond statism.

The resolution of collective action problems is central to statist writings. Development requires that private returns to individual activities be brought in line with the broader needs of national development.[3] Two factors are presumed to obstruct such harmonization in developing

* The author would like to thank the following for useful comments on this paper: Micheal Giles, Bill Liddle, Randall Strahan, and especially Greg Noble.

[1] On "getting the prices wrong," see Alice Amsden, *Asia's Next Giant: South Korea and Late Industrialization* (Cambridge: Oxford University Press, 1989), chap. 6. For a "modified neoclassical view," see Stephan Haggard, *Pathways from the Periphery: The Politics of Growth in the Newly Industrializing Countries* (Ithaca, N.Y.: Cornell University Press, 1990), 15.

[2] See, for example, Robert Wade, "The Role of Government in Overcoming Market Failure: Taiwan, Republic of Korea and Japan," in Helen Hughes, ed., *Achieving Industrialization in East Asia* (New York: Cambridge University Press, 1988); and Richard Luedde-Neurath, *Import Controls and Export-Oriented Development: A Reassessment of the South Korean Case* (Boulder, Colo.: Westview Press, 1986).

[3] Mancur Olson, *The Rise and Decline of Nations* (New Haven: Yale University Press, 1982); Douglass C. North and Robert Paul Thomas, "An Economic Theory of the Growth of the Western World," *Economic History Review* 22, no. 1 (1970).

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countries. One is the weaknesses of local capitalists. Entrepreneurs in developing countries are presumed to be either co-opted by foreign capital or largely inefficient. In the former case, the state must shoulder the burden of pursuing the national interest.[4] In the latter, the state can empower the more efficient firms while facilitating a general shift away from rent-seeking and speculative behavior and toward capital accumulation.[5]

Conflicting policy goals and corresponding economic interests constitute the second factor seen to be an obstacle to development. For example, less developed countries (LDCs) need undervalued exchange rates to raise exports but overvalued exchange rates to lower the cost of foreign debt repayment and imports.[6] As implementation studies suggest, the distributional consequences of contending policies and related reforms make the trade-off between individual and collective benefits especially difficult to reconcile.[7]

States may be defined as those institutions of elected and appointed officials directly responsible for formulating and implementing public policy. States are considered to be strong if they exhibit at least two features necessary to resolve collective action problems. First, they should be insulated from societal forces. Insulation permits officials to formulate policy and to mediate the influence of foreign capital independently of powerful distributional coalitions. Second, they should be sufficiently well organized to implement coherent policies. High levels of internal cohesion and centralization are presumed necessary if principal-agent and collective action problems within the state are to be overcome.

But recent studies have suggested questions about and qualifications to the approach. One set of questions concerns the purported organizational features of strong states. While institutional configurations of states in South Korea and Taiwan indicate internal cohesion, case studies reveal coalitions, preference differences, and decentralization of decision

[4] See, e.g., Gary Gereffi, *The Pharmaceutical Industry and Dependence in the Third World* (Princeton: Princeton University Press, 1983), 48; Douglas C. Bennett and Kenneth E. Sharpe, *Transnational Corporations versus the State: The Political Economy of the Mexican Auto Industry* (Princeton: Princeton University Press, 1983); and Stephen J. Kobrin, "Testing the Bargaining Hypotheses in the Manufacturing Sector in Developing Countries," *International Organization* 41 (Autumn 1987), 186.

[5] Stephan Haggard, "The Politics of Industrialization in the Republic of Korea and Taiwan," in Hughes (fn. 2), 264; Amsden (fn. 1), 23.

[6] Amsden (fn. 1), 13. See also Wade (fn. 2). On economic policy reforms as collective action problems, see Haggard (fn. 1), 261–62.

[7] Merilee S. Grindle, "Policy Content and Context in Implementation," in Grindle, *Politics and Policy Implementation in the Third World* (Princeton: Princeton University Press, 1980), 8–10.

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making within these states.[8] There is also variation in NIC state structures that leads to cross-national differences in policy instruments and economic strategies as well as intrastate differences in behavior across social sectors and issue-areas.[9] Finally, there is no guarantee that centralized structures lead to policy cohesion.[10]

A second set of questions concerns the utility of strong state preferences as well as the actual existence of such preferences. Autonomously developed preferences may reflect and enhance predatory behavior by state officials; instead of promoting innovations and productivity increases, such behavior can exacerbate informational difficulties.[11] Also, policy preferences of officials in ostensibly strong states may in fact reflect coalitional dynamics rather than independently developed policy options.[12]

Finally, there are questions as to the ability of even strong states to sustain policy implementation over time. Prior state commitments may be hard to break because they have generated powerful societal interests demanding the maintenance of such commitments; and economic reforms undertaken by state officials may weaken the state's coalitional base and thus subsequent efforts to impose its preferences.[13]

This study extends the critique of statism through a comparison of automobile industrialization efforts in five countries of East and Southeast Asia—South Korea, Indonesia, Malaysia, the Philippines, and Thailand. I seek to explain variation in performance as measured by localization and exports. Section II of the study examines the five countries' goals and achievements in the automobile industry, the entry barriers facing them, and some alternative explanations for divergent performances.

Performance is in part a function of preferences expressed in the policy formulation process. Section III explores the nature and impact of public and private sector automobile policy preferences and evaluates the

[8] Chung-In Moon, "Beyond Statism: Rethinking the Political Economy of Growth in South Korea," *International Studies Notes* 15 (Winter 1990), 24–27; and Gregory W. Noble, "Contending Forces in Taiwan's Economic Policymaking," *Asian Survey* 27 (June 1987).

[9] Noble (fn. 8); Yun-han Chu, "State Structure and Economic Adjustment of the East Asian Newly Industrializing Countries," *International Organization* 43, no. 4 (1989).

[10] Dennis Encarnation and Louis T. Wells, "Sovereignty en Garde: Negotiating with Foreign Investors," *International Organization* 39 (Winter 1986).

[11] North and Thomas (fn. 3), 10.

[12] Haggard (fn. 1), 264–65.

[13] G. John Ikenberry, "The Irony of State Strength: Comparative Responses to the Oil Shocks in the 1970s," *International Organization* 40 (Winter 1986); and Chung-In Moon, "The Demise of a Developmentalist State? Neoconservative Reforms and Political Consequences in South Korea," *Journal of Developing Societies* 4 (October 1988).

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statist assumption that the influence of local firms co-opted by foreign capital must be offset by the economic nationalism of state officials.

An even more powerful explanation of performance is the ability to resolve collective action problems that emerge during policy implementation. As discussed in Section IV, these problems include the reduction of excess capacity through rationalization; the procurement of inexpensive and technologically appropriate foreign resources; the improvement of local technological capacities; and the reconciliation of both upstream and downstream interests.

Such problems can be resolved by institutions—arrangements between units that go beyond arms-length relationships to define and specify "the ways by which these units can cooperate or compete."[14] States are certainly one such institution. But by using functionally demanding problems rather than specific actors as the starting point of my investigation, I seek to show that statism is not analogous to, but rather a component of, an institutionalist approach to development.[15] I thus argue for a broader institutionalism that (1) incorporates private sector and public sector arrangements, (2) appreciates the coalitional bases of such arrangements, and (3) recognizes the utility of combining political support for local firms with pressure on them to conform to market forces.

An understanding of the roles of private entrepreneurs in the industrialization process is necessary to such an approach. Section V explores variation in private sector preferences and abilities to resolve collective action problems. Section VI reviews the institutional approach and identifies its benefits.

II. Challenges of Automobile Manufacture in Asia

South Korea, Indonesia, Malaysia, the Philippines, and Thailand all initiated local auto production in the 1960s and early 1970s. Each hoped to expand local content—the percentage of each vehicle actually manufactured domestically. Efforts to increase exports followed, earlier for the Philippines and South Korea, later for the other three countries. As shown in Tables 1 and 2, the cross-national results of these efforts have been uneven as measured by levels of localization and exports. South Korea has been the developing world's automotive success story, while Thailand has been Southeast Asia's best performer.[16]

[14] North and Thomas (fn. 3), 5. On the distinction between formal and informal institutions, see Johan Myhrman, "The New Institutional Economics and the Process of Economic Development," *Journal of Institutional and Theoretical Economics* 145 (March 1989), 50–51.

[15] For an explicit identification of statism with institutionalism, see Haggard (fn. 1), 43.

[16] For more critical views of South Korean automotive performance, see James P. Wo-

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TABLE 1
AUTOMOTIVE LOCALIZATION LEVELS
(PERCENTAGE)[a]

	Indonesia	*Malaysia*	*Philippines*	*Thailand*	*S. Korea*
1966–69	5	n.a.	n.a.	n.a.	21
1972–74	10	n.a.	25	11–15	60
1977–80	n.a.	10	30	30–35	n.a.
1981–84	45–49	n.a.	n.a.	35	92
1985–89	n.a.	50	35	60–65	90+

SOURCES: Indonesia: Chalmers (fn. 29), 5. Philippines: Susumu Watanabe, *Technical Cooperation between Large and Small Firms in the Filipino Automobile Industry* (Geneva: International Labor Organization, 1979), 56; Economist Intelligence Unit, *The ASEAN Motor Industry* (London: EIU, July 1985), 37; and interviews. Thailand: "Chaos Reigns in the Automobile Industry," *Financial Post* (Bangkok), October 26, 1973; *Business in Thailand*, April 1981, pp. 46, 78; "YMC Exceeds Local Content Requirement," *Bangkok Post*, December 9, 1987, p. 19; and "Saphawa Patchupan Khong Utsahakaam Rot Yon" (Present conditions of the automobile industry) (Bangkok: Industrial Economics Department, Ministry of Industry, August 1988). Malaysia: Jeffrey Segal, "Ambition on Wheels," *Far Eastern Economic Review*, December 24, 1982, p. 33; interviews; and "Proton's Task in Car Parts Industry," *Star* (Kuala Lumpur), June 9, 1989. Korea: Amsden and Kim (fn. 33), 3; and Economist Intelligence Unit, "Hyundai and the South Korean Motor Industry," *Japanese Motor Business* (n.d.), 82.

[a] Percentages reflect localization for those vehicles that occupy the largest market niche and are targeted for localization (e.g., pickup trucks in Thailand, commercial vehicles in Indonesia, national car in Malaysia, passenger vehicles in South Korea).

At first glance, this variation in performance might be explained by domestic economic features, historical influences, the external automotive context, and/or state strength. A large (or potentially large) domestic market might be assumed attractive to TNCs and thus enhance host country leverage. Yet there is little correlation between performance, on the one hand, and human population or size and predicted growth of domestic vehicle market, on the other (Table 3). Nor do cross-national differences in existing industrial bases seem to provide adequate explanations. As late as the 1960s, Philippine engineering and metalworking firms were the most advanced in East Asia, and in 1979 industrial expertise in the Philippines was ranked on a par with that of Singapore and superior to that of the other three Southeast Asian countries.[17] By the late

mack, Daniel T. Jones, and Daniel Roos, *The Machine That Changed the World* (New York: Rawson Associates, 1990), 261–63. For general background on initial auto policy measures of each of the five countries, see Konosuke Odaka, *The Motor Vehicle Industry in Asia* (Singapore: Singapore University Press, 1984); Richard F. Doner, *Driving a Bargain: Automobile Industrialization and Japanese Firms in Southeast Asia* (Berkeley: University of California Press, 1991), chap. 4; Economist Intelligence Unit (EIU), *The ASEAN Motor Industry* (London: Economist Intelligence Unit, 1984); Economist Intelligence Unit, "Thailand: Japan's Components Satellite?" *Japanese Motor Business*, no. 12 (June 1987); and Jong Gook Back, "Politics of Late Industrialization: The Origins and Processes of Automobile Industry Policies in Mexico and South Korea" (Ph.D. diss., University of California, Los Angeles, 1990).

[17] T. W. Allen, *The ASEAN Report* (Hong Kong: Asian Wall Street Journal, 1979), 1:140–41.

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TABLE 2
AUTO PART EXPORTS FROM EAST AND SOUTHEAST ASIA
(MILLIONS OF U.S. DOLLARS)

	Indonesia	*Malaysia*	*Philippines*	*Thailand*	*S. Korea*
1977	.10	1.5	6.7	1.4	3.1
1980	2.7	2.0	23.3	7.1	15.8
1984	.13	4.2	25.0	9.5	50.8
1985	.18	3.7	20.9	11.4	92.9
1987	n.a.	n.a.	n.a.	27.1	n.a.
1988	7.0	n.a.	n.a.	41.6	n.a.
1989	n.a.	n.a.	n.a.	50.0	n.a.

SOURCES: UN *Commodity Trade Statistics*, various years, except for Thai export figures for 1987–89, which come from Thai Ministry of Commerce data gathered by the author, and Indonesian figures for 1988, which are drawn from *Swasembada*, July 1988, 47, cited in Chalmers (fn. 29), 19 n. 14.

TABLE 3
INDICATORS OF DOMESTIC AUTOMOBILE MARKET SIZE

Country	*Population in 1985 (millions)*	*Vehicles in 1980 (thousands)*	*Population per Vehicle in 1980*	*Predicted Annual Growth of Vehicle Population, 1982–95 (percentage)*
Indonesia	165.2	1,195	127.0	11.0
Malaysia	15.7	730	19.0	7.7
Philippines	54.7	1,050	46.0	9.2
Thailand	51.3	931	50.0	9.4
South Korea	41.1	528	74.0	11.4

SOURCES: Asian Development Bank, *Key Indicators of Developing Member Countries of* ADB; and Bittlingmayer (fn. 23), Table 2.

1980s the Philippine auto industry found itself at the "bottom of the ASEAN heap."[18]

South Korea did of course benefit from the industrial legacy of Japanese colonialism and automobile repair operations stemming from the Korean War.[19] But the Philippine auto industry also expanded as a result of military conflict. Both World War II and the Vietnam War created market opportunities for Philippine auto parts firms and producers of modified jeeps left behind by U.S. forces.

The external context also does not explain different outcomes, since

[18] *Far Eastern Economic Review*, April 20, 1989, p. 48. ASEAN refers to the Association of Southeast Asian Nations comprising the Philippines, Malaysia, Indonesia, Thailand, Singapore, and Brunei.

[19] Note, however, that the division of Korea deprived the South of many of the major industries developed by the Japanese. Back (fn. 16), 99.

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all five countries encountered similar entry barriers and dealt with the same set of auto TNCs. All of these countries initiated auto production in the late 1960s or early 1970s, a period when the industry's standardization and tendency toward "world car" production seemed hospitable to the relocation of auto manufacturing to LDCs.[20] During the 1970s, however, all faced rising entry barriers. Increased capital intensity and pressures on assemblers to keep production facilities close to home-based research and development operations and domestic parts suppliers reduced the allure of cheap labor. Especially important were Japanese manufacturing innovations that reduced minimum efficient economies of scale and required short-term delivery schedules from dependable suppliers, few of whom were found in the developing world. Shorter production runs also made it more difficult for LDC parts makers to master basic production technologies.[21]

Yet the external context also offered certain opportunities to each of the five countries. Contrary to expectations that increasing costs would lead to the demise of all but a few large firms, the international auto industry remained highly competitive. Particularly intense rivalry among Japanese automakers spilled over into export markets, especially Southeast Asia, and provided host countries with the opportunity to play assemblers off against one another.[22] Also, the impressive growth rates of East and Southeast Asia constituted a significant attraction for automobile assemblers whose domestic growth rates were slowing down. General System of Preference rules and the yen's appreciation make several of these countries attractive as platforms for the production and export of parts and vehicles to North America and Western Europe.[23] The Japanese firms' strength in flexible manufacturing allowed them to enter

[20] In Asia, the tendency toward relocation took the form of a Ford-initiated regional production scheme in which the Philippines would play a major role. See Harold C. Livesay, "The Philippines as an Example of the Ford Motor Company's Multinational Strategy," in Norman G. Owen, ed., *The Philippine Economy and the United States: Studies in Past and Present Interactions*, Michigan Papers on Southeast Asia, no. 22 (Ann Arbor: Center for South and Southeast Asian Studies, University of Michigan, 1983). On the industry's general maturation, see Ben Dankbaar, "Maturity and Relocation in the Car Industry," *Development and Change* 15 (September 1984); Alan Altshuler et al., *The Future of the Automobile* (Boston: MIT Press, 1984).

[21] On Japanese manufacturing process innovations, see Womack (fn. 16); Michael Cusumano, *The Japanese Automobile Industry: Technology and Management at Nissan and Toyota* (Cambridge: Harvard University Press, 1985).

[22] On the sources of interfirm rivalry in Japan, see William Duncan, *U.S.-Japan Automobile Diplomacy: A Study in Economic Confrontation* (Cambridge, Mass.: Ballinger, 1973).

[23] On overall growth rates, see George Bittlingmayer, *World Auto Demand* (Ann Arbor: Joint U.S.-Japan Automotive Study, University of Michigan, 1983). On the role of Southeast Asia as insurance for Japanese automakers, see David E. Sanger, "As U.S. Auto Makers Shut Plants, Toyota Is Expanding Aggressively," *New York Times*, January 1, 1991, pp. 1, 35.

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and adapt to even small markets. Under these conditions, the five countries under study had no trouble attracting a constant stream of assemblers willing to make formal commitments to increased localization. The five countries also benefited from the overseas operations of parts firms willing to share automotive technology independently of the auto assemblers. And finally, despite the technological rejuvenation of their auto industries, each of the five had the potential of exploiting older, standardized production processes and products.

A more plausible explanation for variation in performance is institutional and political—namely, state strength. South Korea has been led by an autonomous and organizationally capable group of state officials. States in the Southeast Asian countries, on the other hand, are decidedly "softer," less capable of making and implementing decisions independently of business and other social forces.[24] Yet the state strength argument falls short. The state in Thailand, Southeast Asia's best automobile performer, is far from the region's most autonomous, cohesive, or expert. Excluding Singapore (usually classified as a NIC), that distinction belongs to Malaysia.[25] Further, if the state strength argument is correct, we should expect to find auto policy achievements resulting from the initiatives and resources of government officials. But policy successes have reflected a much more complex set of public and private interests, even in strong-state South Korea. This is illustrated by the nature of state and private sector preferences regarding local auto manufacture, and by the role of state and private sectors in efforts to implement localization.

III. Preferences on Local Content

The process of obtaining TNC commitments to local content in the four Southeast Asian countries has been analyzed elsewhere and can be summarized briefly.[26] Localization began as state-led initiatives in the late 1960s and early 1970s. Officials granted TNCs access to the local market in exchange for commitments to gradual increases in local procurement of auto parts. These state initiatives were prompted by a variety of factors including the pursuit of nationalist import substitution policies, the de-

[24] See the essays in Hughes (fn. 2); and Donald K. Crone, "State, Social Elites, and Government Capacity in Southeast Asia," *World Politics* 40 (January 1988).

[25] Harold Crouch, *Domestic Political Structures and Regional Economic Co-Operation* (Singapore: Institute of Southeast Asian Studies, 1984).

[26] Unless otherwise noted, this summary is drawn from Odaka (fn. 16); Doner (fn. 16); and Ian Chalmers, "Economic Nationalism and the Third World State: The Political Economy of the Indonesian Automotive Industry, 1950–84" (Ph.D. diss., Australian National University, 1988).

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sire to save foreign exchange, and the wish to participate fully in a regional auto complementation program.[27]

With some cross-national and intranational variation, local private firms soon became advocates of and participants in the localization programs. State officials throughout Southeast Asia consulted with domestic firms to obtain technical advice and/or political backing. By the late 1970s and early 1980s, local private sector pressure for localization expanded and began to match that of state officials. This pattern was in part the result of a continuing desire for access to expanding auto markets.[28] But it also reflected the weight of sunk investment. Having established production facilities, local firms fought to maintain and at times to expand localization targets. In some cases they were joined by the auto TNCs anxious to defend their own sunk investments or, as in the case of Mitsubishi's support for the Malaysian "national car," the investments of the broader home-based conglomerate. In sum, auto investments developed their own dynamic of local and even external support.[29]

As noted, there has been some variation in this dynamic. In the Philippines, Malaysia, and Thailand the strongest backing for localization has come from local parts firms, a finding directly at odds with the assertions of dependency-oriented bargaining analysts.[30] Many of these firms began manufacturing replacement parts and were eager to expand into the original equipment market. Philippine parts suppliers were strong advocates of local manufacture but, due to the Marcos regime's relative insulation from most local firms, were not as successful at translating their preferences into policy as were their Malaysian and Thai counterparts.[31] In Malaysia, private sector localization efforts were overshadowed by the state's national car project. The project was initiated in 1982 in part to strengthen the economic position of the ethnic Malay majority (60 percent of the population) vis-à-vis the economically powerful Chinese (30 percent of the population). Yet even here, local parts

[27] Evans Young, "Development Cooperation in ASEAN: Balancing Free Trade and Regional Planning" (Ph.D. diss., University of Michigan, 1981).

[28] The number of vehicles assembled locally went in Indonesia from 17,600 in 1971 to 108,600 in 1978 to 153,600 in 1984; in Malaysia from 25,000 in 1969 to 88,600 in 1979 to 124,000 in 1984; in the Philippines from 20,100 in 1969 to 52,900 in 1979 to 41,600 in 1983; and in Thailand from 11,700 in 1969 to 88,800 in 1979 to 110,700 in 1984. Figures from Doner (fn. 16), Table 3.10.

[29] For the Thai case, see Patcharee Thanamai, "Patterns of Industrial Policymaking in Thailand: Japanese Multinationals and Domestic Actors in the Automobile and Electrical Appliance Industries" (Ph.D. diss., University of Wisconsin, Madison, 1985). For Indonesia, see Ian Chalmers, "The Erosion of Nationalist Automotive Development Policy" (Paper presented at a conference on Economic Policy-Making in Indonesia, Bali, September 6–9, 1990).

[30] Bennett and Sharpe (fn. 4), 262.

[31] Doner (fn. 16), chap. 5.

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firms, most of which were owned by ethnic Chinese, were the primary source of pressure on Mitsubishi to ensure that the national car actually used parts from Malaysian firms.

In Indonesia, support for localization came not from parts firms but from those local assemblers able to afford it—the large business groups. Most of the latter were Chinese-owned, as opposed to ethnic Indonesian-owned, and were linked to Japanese capital. Assemblers were the more active proponents of localization in Indonesia, in part due to the general weakness of smaller firms and in part due to the fact that high-volume sales to the oil-rich Indonesian government held out the potential of efficient scale economies. Also critical was the fact that two of the larger assemblers belonged to business groups owned by Chinese, the ethnic group that dominates the economy but numbers less than 5 percent of the population. Compliance with localization measures was one way for Indonesian Chinese to prove their nationalist credentials in a country where ethnic tensions ran high.[32]

The South Korean experience is consistent with the Southeast Asian pattern of state localization initiatives followed by expanding private sector participation and pressure. The state set ambitious state localization targets (100 percent set in 1969 and again in 1974) as well as developing numerous supporting measures, discussed below.[33] While these were important, the role of South Korean firms was just as significant. A 1962 effort by the head of the Korean CIA to assemble Nissan vehicles collapsed in 1963, in part due to protests from Korean auto parts manufacturers that the import of auto parts from Nissan would rapidly eradicate their home market.[34] A subsequent attempt by the Park Chung Hee government to consolidate the industry around one firm, Sinjin, as an assembler of Toyotas was also blocked by other Korean firms. Hyundai and others objected to Sinjin's monopoly and argued that the firm was too reliant on Toyota to manufacture a Korean car that would have many locally made components.[35]

Hyundai subsequently took the lead in the fight for localization. It had assembled Cortinas with Ford since the late 1960s, but in 1972 broke off talks with Ford to build an engine plant. Hyundai insisted that the

[32] Chalmers (fn. 26), 15–16, 19.

[33] Information on state policy initiatives is found in Chuk Kyo Kim and Chul Heui Lee, "Ancillary Firm Development in the Korean Automobile Industry," in Odaka (fn. 16), 287–93; Back (fn. 16); and Alice Amsden and Linsu Kim, "The Role of Transnational Corporations in the Production and Exports of the Korean Automobile Industry" (Boston: Harvard Business School Working Paper, 1985).

[34] Back (fn. 16), 119.

[35] Ibid., 127.

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venture produce Korean cars for export, while Ford wanted the venture to feed only into its own world sourcing network. Hyundai's efforts to maintain operational control contrasted not only with the more compliant positions of Sinjin and Daewoo in contract talks with GM, but also with the general position of the South Korean government. The government, concerned with maintaining the U.S. security presence after the Nixon Doctrine was announced, encouraged Hyundai to cooperate with Ford and pushed Sinjin to accept GM's terms.[36]

Hyundai adopted a similarly independent stance in its 1980 negotiations with GM-Daewoo.[37] Following the second oil crisis the government attempted to promote greater economies of scale by encouraging a merger between GM-Daewoo and Hyundai. The latter blocked the deal because GM refused to cede control to the Korean firm: "GM wanted Korea to be one site for production of GM 'world cars' while Hyundai was adamant on continuing to produce a 'Korean car' for domestic and export markets."[38] By this time, Hyundai had already begun successful production and sale of its Pony and had designed plans for a new model, the Pony Excel, for export. Hyundai embarked upon the Excel project with minimal state support.[39]

In sum, the East and Southeast Asian cases suggest that, over time, host country capitalists are as "nationalistic" as state officials. This does not, however, constitute an explanation for divergent levels of auto manufacturing. For one thing, cross-national variation in overall levels of economic nationalism is difficult to assess. More important, actual performance reflects national ability to implement formal commitments as much as to obtain them.

IV. Implementation, Efficiency, and Collective Action Problems

Foreign auto assemblers often agree to support ambitious localization programs but subsequently attempt to lower original targets by arguing (often with justification) that local firms are too inefficient to meet original equipment requirements. In Southeast Asia this results in almost daily renegotiation of auto policies.[40]

[36] Ibid., 138.

[37] Sinjin linked up with GM in 1972 and became GM-Korea after Toyota opted to concentrate on the China market. The firm changed its name to Saehan in 1977 but became Daewoo in 1982. Daewoo had bought out Sinjin's shares in 1978 after low profits depleted Sinjin's finances.

[38] Amsden and Kim (fn. 33), 5.

[39] Back (fn. 16), 185–86.

[40] Neil Hood and Stephen Young, "The Automobile Industry," in Stephen E. Guisinger and Associates, *Investment Incentives and Performance Requirements* (New York: Praeger, 1985), 156.

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Implementing localization thus demands that host country firms become more efficient. They must be capable of providing necessary inputs for final manufacture at the quality and price required by the foreign firms whose brand is being produced and perhaps exported. Doing this involves a number of important but difficult tasks that entail the provision or diffusion of goods—positive externalities or public goods—necessary to national development.[41] Such goods are often difficult to provide because, despite their probable contribution to industrial growth, the market (price mechanism) alone provides insufficient basis for their supply. Individuals have little incentive to express demand for these goods because they are difficult to price or market.

Market failures of this type can occur for several reasons. Underdeveloped factor markets may impede information flows and thus raise the transaction costs of providing such goods beyond the capacity of individual firms.[42] The production costs of a good may also exceed the capacities of individual firms. Further, the lack of established property rights may mean that the benefits of such goods cannot be appropriated by potential producers. And finally, even if it is capable of providing a good, a firm may be discouraged from doing so by the fear of free riders.

The problem here is not one of nationalist preferences. It is rather one of market failure where individuals agree on the need for a good but cannot or will not provide it because of the problems outlined above. Such collective action dilemmas often justify state intervention. Below, I examine four general implementation tasks as collective action problems and argue that the state constitutes one but not the only institution capable of resolving such problems.

Rationalization: Increasing Economies of Scale

Intense competition among a large number of auto TNCs that produce numerous, rapidly changing models has led to market fragmentation in

[41] For the purposes of this paper, I generally refer to externalities and public goods as analogous phenomena. It is important to note, however, that they are distinguished by two factors: their intentionality and the uniformity of their consequences. The impact of a public good is intentional, whereas an externality occurs when the consumption or production activity of one individual or firm has an unintended impact on the production of another individual or firm. Also, a public good is one that "must be provided in equal quantities to all members of the community," whereas the positive or negative externality "consumed by the second parties may differ from that consumed by the direct purchaser." Dennis C. Mueller, *Public Choice II* (New York: Cambridge University Press, 1989), 25, 27.

[42] The distinction between transaction and information costs is fuzzy at best. The former refer to the costs of running the economic system and are "the economic equivalent of friction in physical systems." See Oliver E. Williamson, *The Economic Institutions of Capitalism* (New York: Free Press, 1985), 18–19. The latter may be understood as a subset of transaction costs. See Johan Myhrman, "The New Institutional Economics and the Process of Economic Development," *Journal of Institutional and Theoretical Economics* 45 (1989), 43.

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most LDC auto industries. The large number of assembly plants results in tremendous excess capacity. Multiple makes and models mean short production runs, uncertain demand, and more difficult learning curves for host country parts and component producers. The price of localization rises and the quality of locally produced goods stays low.[43]

This fragmentation should be vulnerable to rationalization by ordinary market mechanisms. As assemblers are forced to meet more demanding localization targets, those with higher cost structures and low volume should be driven out of the market by rising costs, declining sales, and shrinking financing. Indeed, most assemblers agree that a reduction of makes and models would yield important externalities in the form of longer production runs, lower unit costs, and more rapid mastery of technology.

But such "normal" cost calculations are rarely operative.[44] The Japanese hold tenaciously even to low-volume market niches, due to their rivalry with other Japanese firms; a belief in the long-term growth potential of Asian auto markets; extensive financial reserves; the adaptability of new production processes to fragmented markets; and cross-financing, in which higher volume/high profit models subsidize losses from low volume/low profit models.[45] On the host country side, local groups involved in auto assembly often have sufficient political influence to resist exclusion. Such influence, combined with national commitments to import substitution, maintain tariffs that make auto assembly lucrative. The industry's profitability is further enhanced by the fact that the assemblers often do not have to meet official localization targets. In what becomes a vicious cycle, they claim that localization is impossible due to market fragmentation.

In response, developing countries in Asia have attempted to expand economies of scale by (1) imposing limits on the number of makes, the number of models, and the frequency of model changes, and/or (2) pro-

[43] On the problem in Latin America, see Rhys Jenkins, *Dependent Industrialization in Latin America: The Automotive Industry in Argentina, Chile and Mexico* (New York: Praeger, 1977). For Asia, see also Susumu Watanabe, *Technical Cooperation between Large and Small Firms in the Filipino Automobile Industry (Geneva: International Labor Organization, 1979)*; Roger Tang, "The Automobile Industry in Indonesia," *Colombia Journal of World Business* (Winter 1988); Back (fn. 16); and EIU (fn. 16).

[44] Gregory W. Noble, "Between Competition and Cooperation: Collective Action in the Industrial Policy of Japan and Taiwan" (Ph.D. diss., Harvard University, 1988), 19–20.

[45] On production techniques, see Kurt Hoffman and Raphael Kaplinsky, *The Global Restructuring of Technology, Labor, and Investment in the Automobile and Components Industry* (Boulder, Colo.: Westview Press, 1988); and Womack et al. (fn. 16). On home-based rivalries, see Duncan (fn. 22). On the financial strength and long-term profit horizons of Japanese assemblers, see Martin Anderson, "Financial Restructuring of the World Auto Industry" (Cambridge: Future of the Automobile Program, MIT, 1982).

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moting the commonization of parts among different models and/or brands. South Korea has clearly been the most successful in these efforts as measured by numbers of brands and models, by capacity utilization rates, and by reports of comparative efficiency. Malaysia comes in a distant second, followed closely by Thailand and Indonesia, with the Philippines a distant last.[46]

To what extent were strong states responsible for these results? South Korea's success is due less to state-imposed directives than to a complex bargaining process between state and private sector. The South Korean government was only partially successful in initial efforts to impose limits on market entrants. In 1963, a government-mandated merger failed because the assemblers, who agreed on the need for a merger, were incapable of agreeing on an estimate of one another's assets. The state itself lacked the technical capacity to supervise the integration of nonstandardized facilities.[47] State officials then attempted to create a vertically integrated complex with seventy-five parts firms feeding into one terminal firm—Sinjin. By 1967 this plan was also abandoned under pressure from other major companies attempting to break into the auto market.

Subsequent government efforts to limit assemblers were more successful, however. The number of new passenger vehicle assemblers was limited to two, Hyundai and Asea. And in 1980, Hyundai was compelled to abandon its truck manufacturing operations, a move for which it received no financial compensation. However, as already noted, Hyundai was able to block the government's attempt to merge it with GM-Daewoo.[48]

The problem of overcapacity has, moreover, continued, even with South Korea's success. A fourth firm, Ssangyong, was allowed to begin production of passenger cars; and the existing assemblers threatened "concerted action" if a new firm, the giant Samsung group, is allowed to enter the auto industry. Indeed, the need for collective opposition to new entrants has been a principal cause for the 1985 formation of an association of auto assemblers.[49]

[46] For comparative figures, see Amsden and Kim (fn. 33); EIU (fn. 16); "South Korea: Japan's Off-Shore Assembly Base," *Japanese Motor Business* 14 (December 1987); and Doner (fn. 16), chap. 3.

[47] Unless otherwise noted, information on South Korean rationalization attempts is drawn from Back (fn. 16); and Kim and Lee (fn. 33).

[48] Nancy Langston, "Be unConfucian and Fire Your Chauffeur," *Far Eastern Economic Review*, February 19, 1982, p. 44.

[49] "Samsung Plan Upsets Korean Vehicle Makers," *Far Eastern Economic Review*, July 12, 1990, p. 75; Damon Darlin, "Korea's Car Companies Expand Like Crazy Despite Lagging Sales," *Wall Street Journal*, March 2, 1990; and personal communication from Nae Young Lee, University of Wisconsin, Madison.

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South Korea's success in limiting models was the result of state actions that reinforced private sector initiatives. In 1970, assemblers were producing twenty-four different models and impeding long production runs by local parts firms. The government responded by mandating in 1975 that existing assemblers produce only models with 1.5 liter engines. This limit legitimized the strategy adopted by Hyundai. In 1973 the firm announced its decision to develop a single model, the Pony. This initiative was itself based on several years of rationalization within the firm. Since 1967, Hyundai had produced only one model—the Ford Cortina. Hyundai officials emphasize that their ability to manufacture the Pony was largely the result of six consecutive years' experience on the same car.[50]

The initial auto projects of each of the four Southeast Asian states contained clear limits on makes and models.[51] Only the Malaysian efforts have achieved significant results (as measured by the number of makes), and these have come only recently. From the mid-1960s through the early 1980s, Malaysian declarations of intent to reduce the number of assemblers were undermined by the state's own need to provide economic opportunities for Malay capital. Ethnic politics took precedence over efficiency, and this meant allowing new Malay entrants into the assembly sector. The requirements of market rationalization and ethnic redistribution were reconciled only in 1982 when the national car firm, Proton, began to produce vehicles in the country's largest auto market niche. This state-owned firm, established as a proxy for Malay capital, was to erode Chinese domination and serve as a training ground for Malay workers and managers. The national car, the Saga, immediately captured 80 percent of the market as a result of significant tariff advantages and informal warnings to rival Chinese-owned assemblers to avoid price competition with the Saga.

In Thailand, the Philippines, and Indonesia, pressure from influential assemblers made a mockery of state-imposed limits on makes and models, despite support for those limits by local parts firms and some assemblers. Officials then reverted to two quasi-market strategies. One was simply to assume that the costs of increasing localization would drive out

[50] H. D. Shim, "Background of Development of All-Korean Car, Pony: A Suggestion on ASEAN Car" (Hyundai presentation to a delegation from the ASEAN Automotive Federation, Seoul, n.d.).

[51] On the Malaysian case, see Tan Bok Huai, "The Malaysian Car Project: A Financial Economic/Social Cost-Benefit Analysis" (Kuala Lumpur: Institute for Strategic and International Studies, 1985). On Thailand, see Thanamai (fn. 29). On Indonesia, see BPPT, "Strategic Plan for the Indonesian Automotive Industry" (Jakarta: Agency for Research and Application of Technology/Stanford Research Institute, 1979); Chalmers (fn. 26); and Tang (fn. 43). On the Philippines, see Watanabe (fn. 43); and Rigoberto Tiglao, "Wheels within Wheels," *Far Eastern Economic Review*, March 29, 1990, p. 71.

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those makes and models with low volume sales. To some degree this approach has worked, but its success has been limited by some major flaws. It puts the cart before the horse in assuming that the host country can in fact increase localization without make and model limits; it supposes that all foreign assemblers are equally sensitive to cost increases; and it neglects the domestic political costs of excluding influential entrepreneurs.

These problems have prompted the adoption of a second, more successful strategy that emphasizes the localization of models with large market niches: passenger vehicles with small engines in Malaysia, commercial vehicles in Indonesia and Thailand.[52] As in South Korea, however, this quasi-market strategy has relied on and reinforced initiatives by large business groups. One initiative emphasizes the use of common parts. Working to implement state-supported engine projects for commercial vehicles, large private automotive groups in Thailand and in Indonesia have successfully pressed TNCs to cut costs by sharing facilities. In Indonesia, for example, the lead has been taken by the country's second largest conglomerate, Astra, an ethnic Chinese firm involved in both auto assembly and components production. Astra convinced Mitsubishi and Toyota to share machining operations for the production of major engine components.[53] In addition, as both assembler and parts producer, Astra itself has undertaken a form of intrafirm rationalization by incorporating several brands within its own operations. Astra has been able to integrate manufacturing processes and define product mixes in ways best suited to the overall efficiency of the firm itself.[54]

Large business groups in South Korea and Malaysia contributed to rationalization in one further, albeit indirect, way—by their ability to diversify out of assembly operations. During the early 1980s, some South Korean firms moved out of auto production to concentrate in other areas such as marine diesels or electrical generating equipment. In Malaysia, the two largest Chinese-owned assemblers responded to the success of the national car by emphasizing the assembly of larger vehicles and diversifying into parts manufacture. In the South Korean case, state funds aided the transition; no such support was available for the Malaysian firms.[55]

[52] Doner (fn. 16), chap. 3; *Bangkok Bank Monthly Review*, July 1990, pp. 291–95.

[53] Doner (fn. 16), chap. 8; and interviews with Astra officials, July 1991.

[54] By 1990, Astra had secured the agencies for ten out of the twenty-two brands sold in Indonesia. Chalmers (fn. 29), 17. See also the description of Astra's flexibility in adapting new technology in "Manufacturing a Competitive Edge," *World Executive Digest* (Manila) (October 1991), 74, 76.

[55] On the South Korean merger movement, see Ron Richardson, "More Marriages Are

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The severe distributional consequences of rationalization make it politically the most difficult of the four implementation tasks. That should mean that a strong state is a requirement for rationalization. And indeed, those countries with the strongest states, Malaysia and South Korea, did achieve the most effective limits on makes and models. But support for the statist position must be tempered by two qualifications. The first is the active role played by large business groups which, in part to promote their own efficiency, initiated model limits, encouraged commonization, and/or diversified out of targeted product areas.

The second qualification to the statist explanation is that even effective state rationalization measures were based on conducive national ruling coalitions. Malaysian and South Korean limits were implemented only to the extent that they were consistent with the broad coalitions of which those states were a part. In the Korean case, rationalization was compatible with a ruling coalition that included a small number of large indigenous firms.[56] Malaysian limits on automobile makes were possible only when they strengthened ethnic Malay interests but simultaneously allowed for a diversification by existing Chinese-owned assemblers.

Such rationalization was difficult if not impossible within Thailand's "moving equilibrium" of highly competitive political and economic elites.[57] The striking numerical inferiority of ethnic Chinese (under 5 percent) and the political strength of indigenous populism in Indonesia suggests the possibility of a Malaysian-style "national car" program to strengthen the economically weak ethnic Indonesians. Yet the weight of ethnic redistribution in Indonesia has been tempered by Chinese financial links to President Suharto and to the Indonesian military, as well as by the ability of Chinese firms to incorporate indigenous interests.[58] Finally, Marcos's desire to convert local entrepreneurs into the Philippines' version of Japan's *zaibatsu* or Korea's *chaebol* was defeated by several factors, only one of which will be noted at this point: the importance of foreign capital in Marcos's ruling coalition was too great to allow the exclusion of foreign assemblers.[59]

Arranged," *Far Eastern Economic Review*, October 17, 1980, p. 91. On the Malaysian firms, see "Tan Chong Reduces Loss Despite Sluggish Market," *Star* (Kuala Lumpur), April 2, 1988; "Tan Chong Moves Upmarket in Face of New Challenges," *Star*, May 10, 1989.

[56] This is the central argument of Back (fn. 16).

[57] William H. Overholt, "Thailand: A Moving Equilibrium," in Ansil Ramsay and Wiwat Mungkandi, eds., *Thailand-U.S. Relations: Changing Political, Strategic, and Economic Factors* (Berkeley: Institute of East Asian Studies, University of California, 1988).

[58] Richard Robison, *Indonesia: The Rise of Capital* (London: Allen and Unwin, 1986).

[59] On local entrepreneurs as *zaibatsu*, see Bernardo M. Villegas, "Another View of the Philippines Economic Crisis" (Manila: Center for Research and Communication, 1984).

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Bargaining over Foreign Resources

Host countries need more than long production runs if local firms are to become efficient manufacturers. They must ensure that competing foreign goods are not unfairly underpriced vis-à-vis local substitutes, while also guaranteeing access to those foreign inputs needed by local firms. Other things being equal, these problems are resolved by competitive market mechanisms. But competition may be undermined by collusion among foreign firms or by the restrictions on input sourcing in contracts between local suppliers and their foreign customers.[60] And local firms, once linked to a foreign firm, may lack information about alternative input suppliers.

Studies of South Korea have suggested that strong states are appropriate institutions for overcoming these problems of market failure. By virtue of their autonomy, expertise, scanning capacity, and overview of national economic requirements, Korean officials have established and imposed guidelines on foreign equity, technology transfer, raw materials provision, and sectoral allocations of foreign capital.[61]

This emphasis on the state as screening agency seems incomplete, however. Apart from state-dependent producers' associations, the studies make almost no mention of private sector roles in the Korean screening process.[62] This neglect may be problematic if there is interfirm variation in ability to make use of state guidelines. There may be issues for which technical and information requirements exceed the capacities of state officials, even in South Korea. And finally, strong state explanations may have little relevance for the four Southeast Asian countries whose official screening capacities are weak but whose manufacturing growth suggests some private sector contribution to the mediation of foreign capital.[63] These issues can be explored in three areas of host country-TNC interaction critical to auto policy implementation.

[60] This is the flip side of the transaction cost economics argument concerning transaction-specific investments. Under certain conditions, such an investment by a local supply firm can provide it with some leverage vis-à-vis the foreign firm it is supplying. See Thomas P. Murtha, "Surviving Industrial Targeting: State Credibility and Public Policy Contingencies in Multinational Subcontracting," *Journal of Law, Economics and Organization* 7 (Spring 1991).

[61] Russell Mardon, "The State and the Effective Control of Foreign Capital: The Case of South Korea," *World Politics* 43 (October 1990); Luedde-Neurath (fn. 2), 56–59; John Enos, "Government Intervention in the Transfer of Technology: The Case of South Korea," *IDS Bulletin* 15 (April 1984), 27–31.

[62] Luedde-Neurath (fn. 2).

[63] On the lack of technological screening in the Thai auto and electronics industries, see Nathabhol Kanthachai et al., *Technology and Skills in Thailand* (Singapore: Institute of Southeast Asian Studies, 1987), 32–33. On the general lack of screening in Malaysia, see United Nations Industrial Development Organization (UNIDO), *R & D and Technology Policies (Medium and Long Term Industrial Master Plan—Malaysia, 1986–1995)*, vol. 3, pt. 6 (Kuala Lumpur: UNIDO and Malaysian Industrial Development Authority, 1985).

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DELETION ALLOWANCES

When a foreign assembler agrees to procure components from the host country, it must remove or "delete" those components from the kit of knocked-down auto parts packed in its home country. The deletion allowance refers to the price reduction of the kit after the localized parts have been removed. All things being equal, if a part is listed at $100, then the price of a $10,000 knocked-down kit should be lowered to $9,900 when that part is deleted and procured overseas. But the auto TNCs claim that such equivalent reductions are rarely feasible, due to the costs of actually removing a component as well as research and development expenses incurred in the development of the components. Since local firms cannot produce the part for less than $100, the cost of a localized vehicle ends up exceeding that of one without local parts.

State and private sector officials in Southeast Asia complain that low deletion allowances are widespread forms of transfer pricing. Most assemblers, they claim, are consciously attempting to impede localization by raising its costs and discouraging local firms from investing in parts manufacture. Deletion allowances are allegedly smaller for critical components, and assemblers are in a solid position to suppress the deletion allowance for popular makes and models.[64]

In Southeast Asia, initiatives in addressing this problem have generally come from state officials. Due to a lack of access to detailed price information, however, these efforts have been generally ineffective. Whatever progress has been made on this issue has resulted from private or joint public-private sector efforts. In the mid-1980s, Philippine officials succeeded in obtaining a Japanese commitment to reduce the prices of imported component kits. But the officials required information from Philippine nationals working for the auto TNCs and, even then, lacked sufficient leverage to implement the agreement.[65] In Indonesia, only Astra has been successful on this issue; the group has gathered comparative

[64] Paul Chan, "Economics of Regulation in Malaysia with Reference to the Motor Vehicle and Component Industry" (Photocopy, University of Malaya, Kuala Lumpur, 1984); and Paul Low, "Local Content Programme: The Manufacturers' Experience" (Paper presented at Seminar on Automotive Components Manufacturing—Technologies and Trends, Kuala Lumpur, May 15, 1985), 9. There is some cross-firm variation in deletion allowances. According to interviews, Peugeot granted generous allowances to its Thai operations in order to break into the Southeast Asian market.

[65] Also critical to the government's initial success on this issue was the willingness of Mitsubishi Motors to break with the other Japanese assemblers in complying with price limits. But this compliance reportedly came only in exchange for the government's loose interpretation of Mitsubishi's prices. Doner (fn. 16), chap. 7; and interview with official of Delta Motors, Manila, 1985.

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price information from Thailand and Taiwan to induce larger deletion allowances by two of its foreign partners, Toyota and Daihatsu.[66]

And in Malaysia, price limits on the national car were undermined by the failure of government officials to obtain any price guarantees from Mitsubishi in the initial contract. Subsequent official efforts to induce price limits were weak. Mitsubishi stated that any price reductions would have to come from the Malaysian side, through reduced tariffs or increased subsidies. Government officials were simply overwhelmed with the practicalities of getting the car assembled and distributed.[67] The price issue reemerged only when local parts manufacturers pushed the national car firm, Proton, to expand local procurement, to which Mitsubishi responded with minimal deletion allowances. As of mid-1991 this issue was being negotiated within a joint (public-private sector) Technical Committee on Local Content whose function is to investigate and coordinate the price and quality issues central to the localization program.[68]

In South Korea, the deletion allowance does not seem to have been a problem for Hyundai, at least since the early 1970s, when it developed close ties to Mitsubishi. The Japanese firm purchased 10 percent of Hyundai's equity in 1982, provided some 30 percent of Hyundai's imported parts during the early 1980s, and has provided important technical assistance. But, as noted below, Hyundai has not bought assembled engine kits from Mitsubishi, preferring to diversify its sources for parts and technology.[69]

LOWERING COSTS OF FOREIGN INPUTS

Reducing the costs of inputs used by host country firms is the flip side of raising deletion allowances. These inputs include subcomponents, production technology, intermediate goods, and raw materials. Some of them come directly from the assemblers or affiliated parts firms, others from independent sources.

[66] Interviews with officials of Astra, Jakarta, June 1985, and with officials of Japanese assembly firms, Bangkok, July 1991.

[67] Interviews with official of Malaysian auto parts manufacturers' association, Kuala Lumpur, July 1991; and "Tariff on Motor Parts for Saga to Be Lifted," *Business Times* (Kuala Lumpur), July 19, 1985.

[68] Doner (fn. 16), chap. 8; and interviews with official of Malaysian auto parts manufacturers' association, Kuala Lumpur, July 1991.

[69] Khee Young Kim, "American Technology and Korea's Technological Development," in Karl Moskowitz, ed., *From Patron to Partner: The Development of U.S.-Korean Business and Trade Relations* (Lexington, Mass.: D. C. Heath, 1984), 90–94; and Economist Intelligence Unit, "South Korea: Japan's Off-Shore Assembly Base?" *Japanese Motor Business*, no. 14 (December 1987).

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In the South Korean case, Hyundai has been the major source of initiative in the procurement of foreign inputs. Diversification of suppliers has been one of its principal instruments in this regard. Unlike Sinjin, which tied up with GM, Hyundai opted for a more independent path following the dissolution of its partnership with Ford in 1972. From 1974 through 1976 Hyundai acquired manufacturing process techniques and technologies for power train components from Japan, internal combustion systems from England, and car designs from Italy.[70] Hyundai's equity collaboration with Mitsubishi followed a careful process of shopping around in which the Korean firm first rejected offers from Volkswagen, Renault, and Ford. Mitsubishi offered lower royalty payments and was the only auto TNC not to demand managerial participation in Hyundai. This allowed Hyundai to reserve "the right to compete directly in Mitsubishi's own markets and to import technology and parts from Mitsubishi's competitors." In 1979 Hyundai licensed over thirty different technologies to raise its standards to international levels. In some cases the firm has looked to different sources for the same type of technology, drawing fundamental concepts from a U.S. firm, for instance, while turning to the Japanese for help in practical applications.[71]

The South Korean state played an important role in this process. State agencies helped to identify basic technologies to be developed domestically versus those to be obtained from abroad; encouraged licensing rather than investment to separate foreign capital from foreign technology; and provided tax credits and other incentives to promote R and D among South Korean firms during the late 1970s and early 1980s.[72] But the differences between Hyundai Motor Company and its major competitor suggest that state measures constituted at best a nurturing context within which group-level strengths came into play. Daewoo has been unable to achieve Hyundai's efficiency and independence. The latter's ability to obtain and absorb inputs, as described above, reflected its own independence and institutional strength. Hyundai reorganized its Department of Planning in 1973 and established its own research and development center in 1979 to obtain and adapt foreign technologies at the lowest price for the Pony and Pony Excel.[73]

None of the Southeast Asian countries has approached South Korea's

[70] Kim (fn. 69); and Amsden and Kim (fn. 33).

[71] The quote is from Amsden and Kim (fn. 33), 8. Information on the conditions of the Mitsubishi linkup also from Back (fn. 16), 191; and Khee (fn. 69).

[72] Mardon (fn. 61); Amsden (fn. 1), 328; and Khee (fn. 69), 78–79.

[73] For evidence on Hyundai's superiority, see Amsden and Kim (fn. 33), 6–15. On Hyundai's initiatives, see ibid.; Back (fn. 16); and personal communication from Jong Gook Back, September 1990.

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ability to obtain a wide variety of foreign inputs. But efforts have been made, and the more successful ones have been private sector initiatives. In Malaysia, pressure from local as well as Western parts manufacturers has compelled Proton to accept parts from foreign firms not affiliated with Mitsubishi.[74] In Thailand, foreign investments in the auto parts industry commonly include tied purchases of raw materials and intermediate inputs. Yet local equity remains strong in this sector, and the larger local firms have been active in reducing the costs and improving the quality of inputs by drawing on a variety of sources.[75] Indonesian efforts to diversify inputs failed due to Japanese resistance and a lack of political and technological sophistication on the part of the Western firms.[76] The major thrust for input cost reduction has come from Astra and its Technology Development Department. In some cases the firm has utilized competition among the brands it assembles to obtain cheaper prices for components and subcomponents. In other cases, the Technology Development Department has procured help from Taiwan in obtaining subcomponents and in depackaging Japanese technology. Simply threatening this strategy has, on occasion, impelled the Japanese to reduce the price of their goods.[77]

DIRECT FOREIGN SUPPORT FOR HOST COUNTRY FIRMS

Assemblers can hinder the development of host-country manufacturing capacity by withholding direct technical and financial support from local suppliers. The failure to provide advanced prototypes, technical training, sufficient lead time for new products and product changes, and favorable terms of payment increases levels of uncertainty for local producers.[78] Foreign assemblers might withhold such support for at least two reasons. First, by perpetuating local supplier weaknesses, they can justify an assembler's preexisting opposition to localization, or they can reinforce an

[74] Interviews with official of Malaysian auto parts manufacturers' association, Kuala Lumpur, July 1991; and "PS to Get German Expertise," *New Straits Times* (Kuala Lumpur), July 22, 1985.

[75] On tied purchases in foreign investment, see Kanthachai et al. (fn. 63), 40. On the strength of local capital in the parts industry, see Thai Department of Industrial Economics, "The Automobile Parts Manufacturing Industry" (in Thai), Bangkok, Ministry of Industry, 1986. Information on efforts to diversify technology sources from interviews with officials from parts firms in Bangkok, July 1991; and Siam Nawaloha, "The Siam Nawaloha Foundry Co., Ltd." (Company report, Bangsue, Thailand, n.d.).

[76] BPPT/Stanford Research Institute (fn. 51); Chalmers (fn. 26), chap. 10; and Doner (fn. 16), chap. 6.

[77] Interviews with officials of Astra Technology Development Department, Jakarta, June 1985, and with officials of Japanese assembly firms, Bangkok, July 1991.

[78] For a discussion of these problems in the Mexican auto industry, see Bennett and Sharpe (fn. 4), 236. For the Philippines, see Watanabe (fn. 43). For South Korea, see Kim and Lee (fn. 33).

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assembler's insistence on production of local components either under its own roof (vertical integration) or by transplanted producers of foreign parts.

Even where assemblers are more willing to procure parts from local suppliers, the provision of technological and financial support is often undermined by the absence of trust between the two sides. Such trust, reflecting the ability of assemblers and suppliers to move from a zero-sum relationship to a more iterated, cooperative one, has been a key to Japanese domestic success in the auto industry. The relationship can promote mutually acceptable criteria for analyzing costs, establishing prices, sharing profits, and transferring technology.[79] But such linkages are predicated on a willingness to reveal proprietary information about costs and production techniques, which host country suppliers in East Asia are often reluctant to divulge.

At first glance, the South Korean case suggests that pressure from a strong state can encourage assembler-supplier cooperation. During the late 1970s Korean parts firms were reported to suffer from late payments, low prices, high levels of competition, and little financial or technical support from the assemblers. This began to change in 1982, when the government mandated a series of financial and legal measures to strengthen small and medium-size firms. These efforts were followed by official promotion of the local parts association—the Korean Automobile Industry Cooperative Association.[80] But the South Korean case also reveals the importance of political pressures and broader coalitional arrangements. The Korean measures of the early 1980s were taken in large part to satisfy mounting protests against economic concentration. Subsequent state promotion of the parts association was part of a broader effort to regularize deliveries after disruptive auto industry strikes in 1987–88.[81]

Coalitional factors, reflected in financial systems, also help to explain the contrasting developments of Thai and Philippine parts firms. The relative lack of complaints from Thai producers about late payments

[79] Womack et al. (fn. 16) chap. 6. See also Michael J. Smitka, *Competitive Ties: Subcontracting in the Japanese Automotive Industry* (New York: Columbia University Press, 1991).

[80] On the weak links between assemblers and suppliers in South Korea, see Kim and Lee (fn. 33), 312–16. Measures to strengthen small and medium-size firms included financial and tax incentives for their modernization, promotion of cartels, requirements for frequent payment to suppliers, reservation of certain spheres for them, and a ban on prime contractors buying them out through stock ownership. On the impact of these measures in the automobile industry, see Amsden (fn. 1), 180–88. I am grateful to Nae Young Lee for information on state support for the Korean parts association. Interviews with officials of Malaysian auto parts manufacturers' association, Kuala Lumpur, July 1991.

[81] On the political origins of support for parts firms, see Moon (fn. 13).

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indicates a financial system that encourages prompt compensation and facilitates loans for small and medium-size firms through an informal credit system. More broadly, that financial system reflects political arrangements in which medium-size enterprises can and do exert influence.[82] The problems of Philippine parts firms were part of the more general political weakness of medium-size firms under Marcos in which the financial system provided little monitoring or discipline of larger assemblers, whether foreign or locally owned.[83]

Ethnic components of coalitional arrangements can also influence assembler-supplier linkages. The need to redress ethnic tensions can, for example, lead to weaker technical and financial linkages between assemblers and suppliers in countries with relatively strong states, such as Malaysia, than in those such as Thailand, where states exhibit less cohesion and leverage over the private sector. Malaysian parts firms, most of which are ethnic Chinese, balked at a Principal Purchase Agreement offered by Proton's Japanese partner, Mitsubishi. Presumably patterned after common Japanese practices, the agreement (1) requires the Malaysian firms to provide cost breakdowns without guarantees that the information will be held secret; (2) forbids the parts firms from raising prices, despite the yen's appreciation (which raised input costs); (3) demands that the parts firms surrender all patents and property rights on designs for Proton; and (4) permits only Proton to extend and terminate the agreement. The parts firms objected to such an agreement in part because of fears that Mitsubishi would simply produce parts itself after examining the suppliers' costs and profits and in part because of a reluctance to share technology from Western sources with Mitsubishi.

But while such concerns are also common among Thai parts firms, many Thai suppliers have concluded trust-based purchase agreements with Japanese principals. "Cooperation clubs" (assembler-led groupings of principal suppliers) have also grown rapidly in Thailand, but not in Malaysia. These groups, patterned after supplier cooperative associations in Japan, serve as channels of information about pricing policies, product development, management techniques, and new production technolo-

[82] On the political arrangements, see Overholt (fn. 57). On the importance of informal credit markets, see Robert J. Muscat, "Government, Financial Systems, and Economic Development: Thailand" (Interim paper for workshop on "Government, Financial Systems, and Economic Development: A Comparative Study of Selected Asian and Latin Countries," East-West Center, Honolulu, November 30, 1990).

[83] Paul D. Hutchcroft, "The Politics of the Philippine Financial System" (Interim paper for the workshop on "Government, Financial Systems, and Economic Development: A Comparative Study of Selected Asian and Latin American Countries," East-West Center, Honolulu, November 30, 1990).

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gies.[84] How then do we account for the Malaysian-Thai difference? Malaysian suppliers fear that ethnic Malay employees of Proton, benefiting from clear state preferences for Malay suppliers, will use price and technical information from the ethnic Chinese operations to establish competing parts firms. This has already occurred in at least one case. No such threat exists in the ethnically more harmonious Thai context.[85]

Finally, the statist view fails to account for supply-side variation, that is, temporal and interfirm differences in assembler willingness to provide such support. Japanese assemblers, for example, have increased efforts to bolster local suppliers in Southeast Asia since the yen appreciation of the mid-1980s increased the attractiveness of those countries as export production sites. Further, due to differences in corporate cultures and overseas production strategies, some assemblers are more forthcoming than others with support for suppliers. Such interassembler variation has been noted among Western firms operating in the Latin American auto industries.[86] Japanese assemblers, as a rule, tend to be much more active than U.S. firms in developing close relationships with East and Southeast Asian suppliers.[87] We also find that Hyundai maintains closer links with local suppliers than does Daewoo, probably because of the latter's heavy reliance on GM and its U.S. suppliers.[88] Finally, there are differences among Japanese firms. Isuzu, for example, perhaps because of its strong market position in Thailand, has been especially active in the promotion of its Thai cooperation club.[89]

Improving Local Technological Capacity

The preceding cases involve problems of local firms that have already established themselves as original equipment suppliers to auto assemblers. But local firms may have difficulties even in obtaining an initial contract with an assembler. As of 1985, for example, Mitsubishi rejected all samples of original equipment parts submitted to it for the Malaysian

[84] Smitka (fn. 79), 151; interviews with Thai parts firm officials, Bangkok, July and October 1991.

[85] Ong Hock Chuan, "Parts Makers at Odds with Proton," *Star* (Kuala Lumpur), August 6, 1986, p. 10; Vong Nyam Ming, "Parts Makers Want Change," *Business Times* (Kuala Lumpur), June 16, 1986; interviews with parts association members, Kuala Lumpur and Bangkok, July 1991.

[86] Barbara C. Samuels II, *Managing Risk in Developing Countries: National Demands and Multinational Response* (Princeton: Princeton University Press, 1990). Interviews with officials of Malaysian auto parts manufacturers' association, Kuala Lumpur, July 1991.

[87] Interviews with representatives of local parts firms and with U.S. and Japanese assemblers in Kuala Lumpur and Bangkok, July 1991.

[88] Amsden (fn. 1), 184–85; and Amsden and Kim (fn. 33).

[89] Interview with local parts firms, Bangkok, July 1991. Smitka (fn. 79) analyzes the particularities of Mitsubishi's supplier links in Japan but does not extend the analysis to links with overseas suppliers.

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national car, despite the fact that some of the parts had already been used as original equipment by other foreign assemblers operating in Malaysia. Mitsubishi's combination of technological strength and monopoly on quality control threatened to eradicate local parts firms.[90]

To reduce these inequalities, developing countries must strengthen their own technological bases. But the high costs of such investments, their long-term payoffs, and opportunities for free riding discourage individuals from investing in technological infrastructure. This is, then, a classic problem of collective action in which an institution, often a state, is required either to make such investments directly and thus provide technology as a public good or to implement factor-market policies as inducements to private investment in technology—investment that will then spill over to other firms as positive externalities.[91]

South Korea's technological superiority constitutes strong confirmation for the importance of both direct and indirect state initiatives in this area. State agencies have established industrial standards, offered training in quality control, provided instruction on technology management, and supplemented the government-mandated in-house training efforts undertaken by business groups. Those without resources to operate in-house facilities must pay a levy used to finance company-based training plans in "approved training programs in external institutes and at company locations."[92]

The value of state coordination is reflected in the clear consequences of its absence in Southeast Asia—especially in the Philippines, whose metalworking industry was one of Asia's most advanced during the 1960s. Southeast Asian state efforts, including numerous institutes designed to set industrial standards and disseminate technical information, have foundered on bureaucratic fragmentation, government budget deficits, and a lack of technical expertise on the part of government officials.[93]

Even in this area, however, independent initiatives by private sector institutions—business groups and associations—can make contributions.

[90] EIU (fn. 16), 25, 34.

[91] Mueller (fn. 41), 117.

[92] UNIDO (fn. 63), 83. See also Amsden (fn. 1), 228, 239.

[93] On the Philippines metalworking industry, see Cerefino Follosco, "Developing the Engineering and Metalworking Industries in the Philippines" (Paper presented to the Symposium on Engineering Industries, Manila, April 25, 1985). On technological weaknesses and the failure of state efforts, see UNIDO (fn. 63); and UNIDO, "Manpower and Training," *Medium and Long Term Industrial Master Plan Malaysia 1986–1995* (Kuala Lumpur: UNIDO, August 1985), vol. 3, part 5, 74–89; Rodney Tasker, "Must Try Harder," *Far Eastern Economic Review*, March 8, 1990, pp. 28–29; Wit Sathyarakwit, "Results of Technology Diffusion in the Thai Auto Assembly Industry" (in Thai) (Bangkok: National Institute of Development Administration, 1983); and interviews in Bangkok, July and October 1991.

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In South Korea, Hyundai has distinguished itself from domestic competitors through its capacity to generate skilled personnel from other industrial activities within the group. Workers in the group's first manufacturing affiliate, Hyundai Cement, gained experience in general skills that they then helped spread to the group's second manufacturing affiliate, Hyundai Motor Company.[94] In Southeast Asia, large groups have established in-house schools and technology development groups without special state incentives. Associations of parts firms in Thailand and Malaysia have been especially active in promoting technological self-strengthening at both industry and national levels, calling for greater public-private sector cooperation in the area of industrial standards and testing. The Malaysian association, for example, has pressed for a jointly run evaluative body to operate a manufacturer certification program. And in an explicit effort to pool resources and spread risk, it has established a worldwide liability scheme for its members.[95]

Reconciling Domestic Interests

Successful auto industrialization requires the coordination of various industries, sectors, and firms to ensure that external economies from any one activity are captured within the national unit. Such coordination is difficult since firms at various stages of production have different short-term interests. Consider the problems encountered by the Southeast Asian auto industries in the context of trade, fiscal, and credit policies.

Trade regimes must somehow reconcile the needs of upstream and downstream producers while satisfying government financial needs. Local parts firms demand protection from superior foreign goods; but these same firms want free access to the best and cheapest raw materials, intermediate and capital goods—many of which must be imported. This demand often encounters opposition from local suppliers of such inputs and/or from state officials unwilling to lose the revenue generated by existing protection. Thus, Indonesian firms producing auto body parts complain that the country's trade regime compels them to purchase locally made steel that costs more than foreign products and that cracks in stamping presses. In Thailand, the growth of local parts production is impeded by the fact that tariffs on ready-made parts are lower than the raw materials required by parts firms. In the Philippines, the influence

[94] See Back (fn. 16), 147; and Amsden (fn. 1), 267.

[95] On Malaysia, see "Liability Scheme for Motor Parts Manufacturers," *MACPMA News* 1/90 (May 1990); Low (fn. 64). On Thai efforts, see Laphli Sentusophon, "Proposals of Mr. Laphli Sentusophon" (in Thai) (Bangkok: Thai Auto Parts Manufacturers' Association, 1984).

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of foundry owners defeated requests by auto parts firms for tariff revisions that would allow access to high-quality, imported castings.[96]

Domestic fiscal structures may also impede localization. In Thailand, a business tax imposed on gross receipts of business transactions increases the cost of local inputs and discourages backward linkages in auto as well as other industries. The influence of a broad range of firms accustomed to evading taxes has blocked government efforts both to encourage backward integration and to increase revenue collections by shifting to a value-added tax. The result has been weak linkages between parts makers and local suppliers of intermediate goods.[97]

Finally, indigenous manufacturers often need low-interest funds. But local institutions must be willing and able to allocate such financing, and able to do so in ways that discourage rent seeking by recipients. In Thailand, state officials have studiously avoided preferential credit schemes for industry.[98] In Indonesia, state financing has favored state-owned enterprises.[99] And in the Philippines, large sums were lent to the country's major locally owned automotive group, without any monitoring of the owner's use of the funds.

Thanks to adroit state interventions, South Korea has been more successful at reconciling diverse interests than the four Southeast Asian countries. In trade, the state has implemented a system of selective protection: localization of inputs such as steel is strongly encouraged, but imports are facilitated (through duty drawbacks) for end users who produce for export.[100] Preferential credit has been central to the auto industry's growth. Large auto firms benefited not only from state-subsidized inputs such as electricity and steel production, but also from a 1972 government order freezing curb markets. Without the latter measure, capi-

[96] For a general treatment of upstream-downstream problems in Indonesia, see Richard Robison, "Authoritarian States, Capital-Owning Classes, and the Politics of Newly Industrializing Countries: The Case of Indonesia," *World Politics* 41 (October 1988), 66–67. On these problems in Thailand and Malaysia, see Industrial Management Co., *Tax System for Industrial Restructuring (Industrial Restructuring Study for the National Economic and Social Development Board: Final Report)* (Bangkok, 1985); and UNIDO (fn. 63), 15. Other information is drawn from interviews with officials of Thai parts firms, Bangkok, July and October 1991.

[97] On the Thai fiscal structure, see Thailand Development Research Institute, "The Impact of High Business Tax Rates on Tax Evasion of Industry," TDRI *Quarterly Newsletter* 2 (September 1987), 13–17. On the fiscal system's discouragement of linkages in engine production, see Siriporn Kamjanavirojkul, "A Case Study of Subcontracting System in Motorcycle, Diesel Engine for Agriculture and Refrigerator" [*sic*] (M.A. thesis, Thammasat University, 1987).

[98] Peter G. Warr and Bandid Nijathaworn, "Thai Economic Performance: Some Thai Perspectives," *Asian-Pacific Economic Literature* 1 (May 1987).

[99] Andrew J. MacIntyre, "The Political Economy of Finance in Indonesia" (Paper presented to conference on "Government, Financial Systems, and Economic Development," East-West Center, Honolulu, November 1990).

[100] Amsden (fn. 1), 301; and Luedde-Neurath (fn. 2).

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tal accumulation would have been impossible for Hyundai and Sinjin, the country's largest debtors at the time.[101] And, unlike in the Philippines, this support has not come at the expense of efficiency. Instead, the state has exacted performance standards from firms in direct exchange for subsidies.[102]

Again, this evidence as to the importance of state intervention needs to be qualified. First, South Korean intervention often has a more specific political source than the autonomous preferences of strong state officials. The Heavy Industry measures that helped to launch Hyundai's efforts were part of Park Chung Hee's effort to legitimize his rule in the face of growing opposition from both inside and outside the ruling party. The move to freeze curb markets was a belated response to Korean Business Association pressure for relief from high indebtedness. Indeed, the association began a tax revolt after Park's initial indifference to its requests.[103]

Strong states are also not necessarily the sole institutions capable of imposing discipline on local firms. Where the private financial system is less politicized than in the Philippines, commercial banks may act independently to monitor the behavior of industrial borrowers. During the early 1980s, strong intervention by Thailand's largest commercial bank led to a restructuring of the country's largest locally owned automotive groups.[104]

The preceding discussion has affirmed the value of strong states in resolving collective action problems central to auto industrialization. South Korea's superior performance is inexplicable without reference to both direct and indirect actions by state officials. But the evidence also suggests that the statist view is incomplete. Politics, in the sense of both instrumental pressures and broader coalitional constraints, is critical to even strong state interventions. Further, the technical requirements of industrialization often exceed the informational and organizational capacities not only of soft states, such as those in Southeast Asia, but of strong states as well. Private sector bodies, especially business groups and producers' associations, constitute important alternative institutions of economic "governance," i.e., harmonizing and adapting exchange

[101] Back (fn. 16), 146–47; Amsden (fn. 1), chap. 12.

[102] Amsden (fn. 1), 146.

[103] Back (fn. 16), 144–46. On pressures for reform and state responses in the late 1970s, see Moon (fn. 13). For an excellent analysis of coalitions as both cause and consequence of industrial strategy, see Tun-jen Cheng, "Political Regimes and Development Strategies: South Korea and Taiwan," in Gary Gereffi and Donald Wyman, eds., *Manufacturing Miracles: Patterns of Industrialization in Latin America and East Asia* (Princeton: Princeton University Press, 1990).

[104] Interviews with officials of local parts firms and Bangkok Bank, Bangkok, July 1991.

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among relevant producers.[105] Indeed, the further one moves into the industrialization process, the more critical such nongovernmental institutions become. But if the evidence has highlighted the importance of private sector institutions, it has also revealed that host country entrepreneurs are far from monolithic in their preferences and behavior vis-à-vis auto industrialization.

V. Disaggregating the Private Sector

The preceding section suggests the importance of local business interests in making and carrying out auto policy, a point neglected by most development studies. But it also reveals differences among local firms' formulation with regard to what may be broadly termed industrial nationalism, defined here as the willingness and ability to displace foreign firms by pressing for localization and investing in new productive capacity. We may identify and offer tentative explanations for three dimensions of such variation: subindustrial (assemblers versus parts firms); cross-national within subindustry; and within both the same country and subindustry.

Local parts firms in the Philippines, Malaysia, and Thailand were markedly more aggressive in their support for localization than were local assembly interests. A number of market- or product-based factors may explain this difference. Entry barriers are lower for parts firms than for assemblers. The wide range of parts incorporated in a motor vehicle and the opportunity to produce replacement parts allows local parts makers to begin with simple operations and gradually move up. Local assembly interests, on the other hand, are generally discouraged from independent expansion by high capital and technological barriers.[106] Parts firms are also motivated to expand their own manufacturing by delays in foreign deliveries, the high costs of foreign inputs, and the need to preserve scarce funds. Costs can be cut by exploiting cheaper local labor and by using more appropriate production processes. Such concerns are less relevant to local assemblers, whose operations are tightly linked to foreign assembly lines and are backed by local and foreign funds. A direct correlation between profitability and value added also encourages industrial expansion by parts firms. Assemblers obtain safe profits on the simple assembly of foreign kits. But for parts firms, low local content means no market.

[105] This concept of governance is developed in Williamson (fn. 42), esp. 112.

[106] Unless local assemblers can exploit low-technology product niches. Astra has done this in Indonesia by producing a basic utility vehicle.

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We have also seen cross-national differences among assemblers or parts firms, as illustrated by the more aggressive localization efforts of Korean and Indonesian assemblers compared to their Malaysian and Thai counterparts. The structure of ethnic politics explains some of this variation. In Indonesia, support for localization has been an important instrument through which Chinese assemblers could prove their commitment to national and indigenous Indonesian goals rather than those of their own ethnic group. Chinese assemblers in Malaysia have also come under pressure to support auto localization defined in terms of nationalism and ethnic redistribution. But since the Malay-dominated state, with Mitsubishi's support, has established its own assembly firm, Malaysian Chinese have shown their nationalist loyalties by diversifying out of assembly and not opposing the national car. Ethnicity is, however, an insufficient explanation of cross-national differences among assemblers, since no ethnic pressures exist in South Korea. There, the weight of the state commitment to national industrial growth has been vital, a factor that, in Indonesia, reinforces support for localization.[107] The broader structure of ruling coalitions seem important in explaining other cases of cross-national deficiencies among parts firms. Parts producers in Thailand and the Philippines were both strong supporters of localization and rationalization. But the openness of Thailand's political system allowed small and medium-size firms opportunities for greater associational strength and access to policymakers than was the case in the relatively closed Marcos regime.

Finally, we need explanations for differences between firms of the same subindustry within the same country. The South Korean case suggests the importance of industrial origins in this regard. Hyundai Motor Company is part of a group originating in construction and cement. Cement production has strong "technomanagerial" spinoffs that encourage capital deepening and, as we have seen, the growth of other industries.[108] Reinforcing Hyundai's emphasis on manufacturing is the fact that automobiles were one of the firm's earliest manufacturing activities. Daewoo, on the other hand, began as a trading company, came to auto production relatively late, and did so not through internal growth but through its purchase of a complete assembly plant from Sinjin.[109]

[107] Peter McCawley, "The Economics of Ekonomi Pancasila," *Bulletin of Indonesian Economic Studies* 18 (March 1982), 102–9.

[108] On the cement industry's spinoffs in South Korea, see Amsden (fn. 1), chap. 7. A similar link between cement production and heavy manufacturing is seen in the origins of Thailand's largest parts firm. The Thai firm Siam Nawaloha is part of Thailand's largest industrial group, Siam Cement.

[109] I am grateful to Nae Young Lee for his thoughts on the origins of Hyundai-Daewoo differences.

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Access to political favors might also help explain variation in industrial nationalism, although in a somewhat negative sense. Consider the differences between Indonesia's two largest automotive assemblers, the Astra and Liem groups: both originated as suppliers to the military; but Liem's ties with President Suharto have been especially close, yielding state contracts and the opportunity to ignore auto localization requirements. Commercial, real estate, and financial activities outside of Indonesia constitute a critical component of Liem's activities. With less political clout, Astra has pursued growth that is based more on the market than on political favors. Domestic manufacturing and agro-industrial activities are the core of Astra.[110]

The Indonesian case suggests that the political structure most effective in promoting a shift of local capital from speculation to efficient capital accumulation is one that combines support for local firms with pressure on those firms to conform to market forces. It was precisely the lack of such pressure that led to the bankruptcy of Delta Motors, the Philippines' major automotive group, owned by a crony of Marcos. The Delta case presents an interesting contrast with Thailand's major components producer, Siam Nawaloha, and its parent Siam Cement. As part of the official Crown Property Bureau, Siam Cement has enjoyed financial and political advantages. But the relative balance of power among Thai political forces has forced Siam Cement to expand through performance rather than contacts.

VI. Conclusions

The five Asian auto cases reveal both the centrality of collective action problems in industrialization and the utility of strong-state intervention in resolving these problems. But the cases also suggest the need to qualify the functional justification for strong state intervention. The desire for market expansion and the logic of sunk investments may spawn economic nationalism on the part of local capitalists that equals if not exceeds that of state officials. Also, states may not offer the sole or the best institutional responses to collective action dilemmas inherent in industrialization. Business groups, producers' associations and/or public-private consultative bodies may solve free rider and informational problems. In some cases, such nonstate arrangements are second best, albeit politically necessary. But where implementation requires functionally specific knowledge and capacities, private sector arrangements may be best suited for the task.

[110] I am grateful to William Liddle and Don Emmerson for views on Astra and Liem. For background, see Robison (fn. 58); and *Asian Wall Street Journal*, November 24, 25, 26, 1986.

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This article thus confirms the utility of an institutional approach that is problem- rather than actor-driven. It begins with a recognition that many of the critical conflicts in the development process derive from collective action dilemmas. But as emphasized by Alexander Gerschenkron, corporatist writers, and recent literature in the new institutional economics, the institutions emerging to resolve these problems are not necessarily of the statist variety.[111] The present study thus confirms recent work on the particular contributions of private and public-private arrangements.[112] It parallels the conclusions of industry-specific studies of Japanese industrial policy. But, unlike most of these studies, the present article posits these conclusions within an explicit collective action and public goods framework.[113]

This study has also revealed different institutional responses to similar problems. A functional approach to the demand for institutions is thus an insufficient theory of institutional origins. We also need to understand

[111] Alexander Gerschenkron, "The Early Phases of Industrialization in Russia and Their Relationship to the Historical Study of Economic Growth," in Barry Supple, ed., *The Experience of Economic Growth* (New York: Random House, 1963); Frederic C. Deyo, "Coalitions, Institutions, and Linkages Sequencing: Toward a Strategic Capacity Model of East Asian Development," in Frederic C. Deyo, *The Political Economy of the New Asian Industrialism* (Ithaca, N.Y.: Cornell University Press, 1987), esp. 243–44; Peter Katzenstein, *Small States in World Markets: Industrial Policy in Europe* (Ithaca, N.Y.: Cornell University Press, 1983); Haggard (fn. 1), 267; and Mustapha K. Nabli and Jeffrey B. Nugent, "The New Institutional Economics and Its Applicability to Development," *World Development* 17, no. 9 (1990).

[112] An eloquent demonstration of the utility of work on private sectors is Dennis Encarnation, *Dislodging Multinationals: India's Strategy in Comparative Perspective* (Ithaca, N.Y.: Cornell University Press, 1989). See also Stephan Haggard, "The Political Economy of Foreign Direct Investment in Latin America," *Latin American Research Review* 24, no. 1 (1989). On Third World business groups, see Nathaniel H. Leff, "Entrepreneurship and Economic Development: The Problem Revisited," *Journal of Economic Literature* 17 (March 1979), 46–64; idem, "Trust, Envy, and the Political Economy of Industrial Development: Economic Groups in Developing Countries" (Unpublished manuscript, Columbia University Graduate School of Business, 1991); and Ashoka Mody, "Institutions and Dynamic Comparative Advantage: The Electronics Industry in South Korea and Taiwan," *Cambridge Journal of Economics* 14 (September 1990); and David Becker, "Business Associations in Latin America: The Venezuelan Case," *Comparative Political Studies* 23 (April 1990).

[113] Two excellent studies of Japan that explicitly adopt collective action frameworks are Noble (fn. 44); and Mark Tilton, "Trade Associations in Japan's Declining Industries: Informal Policy Making and State Strategic Goals" (Ph.D. diss., University of California, Berkeley, 1990). Other studies of Japan include Richard Samuels, *The Business of the Japanese State: Energy Markets in Comparative and Historical Perspective* (Ithaca, N.Y.: Cornell University Press, 1987); Leonard H. Lynn and Timothy J. McKeown, *Organizing Business: Trade Associations in America and Japan* (Washington, D.C.: American Enterprise Institute, 1988); and Keijiro Otsuka, Gustav Ranis, and Gary Saxonhouse, *Comparative Technology Choice in Development: The Indian and Japanese Cotton Textile Industries* (New York: St. Martin's Press, 1988), esp. 87–89. On South Korea, see Tun-Jen Cheng, "Business Interest Associations in Export-Oriented Industrializing Economies: Theoretical Observations and a Korean Case Study" (Paper presented at the annual meeting of the American Political Science Association, Washington, D.C., 1988). A useful empirical study of a Southeast Asian case is Makarin Wibisono, "The Politics of Indonesian Textile Policy: The Interests of Government Agencies and the Private Sector," *Bulletin of Indonesian Economic Studies* 25 (April 1989).

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why and how institutions are supplied.[114] While providing no rigorous explanation for variation in institutional supply, this study has pointed to the impact of ethnic politics, industrial policy preferences, corporate origins, and, most important, ruling coalitions. Politics cannot be separated from policy: even for strong states, the choice of economic strategies must be consistent with the structure of a country's ruling coalition.

An approach that specifies the factors influencing institutional demand and supply has several strengths. Through its emphasis on the supply of institutions, the approach encourages consideration of "soft" phenomena such as symbols and community as well as "hard" factors such as incentives and coercion.[115] The demand or functionalist side of the approach draws attention to the limits of state capacity in the implementation processes of strong-state countries such as South Korea.[116] It also helps to explain economic growth in relatively weak-state countries such as Hong Kong and the Southeast Asian countries studied here.[117] Finally, it shows the utility of a less zero-sum concept of power than that implicit in the statist literature. Development requires the consent, indeed, the active participation of diverse economic actors. State domination does not necessarily translate into national power. The latter is above all a function of active cooperation among capable groups rather than domination.[118] Future research must explore the kinds of institutions that reflect and promote such cooperation.

[114] Robert Bates, "Contra Contractarianism: Some Reflections on the New Institutionalism," *Politics and Society* 16 (June–September 1988), 393. For similar arguments, see Back (fn. 16); Samuels (fn. 113); and Haggard (fn. 112), 265.

[115] Bates (fn. 114). For a more detailed discussion of supply issues, see David Feeny, "The Demand for and Supply of Institutional Arrangements," in Vincent Ostrom, David Feeny, and Hartmut Pichit, eds., *Rethinking Institutional Analysis and Development* (San Francisco: International Center for Economic Growth, 1988). For a discussion of the impact of states on business groups in Taiwan and South Korea, see Karl J. Fields, "Developmental Capitalism and Industrial Organization: Business Groups and the State in Korea and Taiwan" (Ph.D. diss., University of California, Berkeley, 1990). For an argument that sectoral institutions are in part a function of particular technological features, see Herbert Kitschelt, "Industrial Governance Structures, Innovation Strategies, and the Case of Japan: Sectoral or Cross-National Comparative Analysis?" *International Organization* 45 (Autumn 1991).

[116] For studies of Japan along these lines, see Samuels (fn. 113); and David Friedman, *The Misunderstood Miracle: Industrial Development and Political Change in Japan* (Ithaca, N.Y.: Cornell University Press, 1988).

[117] For an illustration of the role of private and public-private institutions in resolving collective action problems in Hong Kong, see David Yoffie, *Power and Protectionism: Strategies of the Newly Industrializing Countries* (New York: Columbia University Press, 1983), 94–95, 118. See also Deyo (fn. 111), 243–44.

[118] John A. Hall and G. John Ikenberry, *The State* (Minneapolis: University of Minnesota Press, 1989), 14; Charles F. Sabel, "Studied Trust: Building New Forms of Cooperation in a Volatile Economy" (Unpublished manuscript, Massachusetts Institute of Technology, September 1990).

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SOVIET BEHAVIOR IN REGIONAL CONFLICTS

Old Questions, New Strategies, and Important Lessons

By RICHARD K. HERRMANN

I. Introduction

WHY did Gorbachev change course in foreign policy? The collapse of the Soviet Union should not obscure our focus on this important question. Answers to this question are not only of historical interest. They will shape the lessons that are drawn from the end of the cold war and are likely to guide future policy choices. Some policymakers may emphasize the internal weakness and external constraints Gorbachev faced and see confirmation of an American peace-through-strength strategy. Others may incline toward explanations that grant Gorbachev greater freedom of choice and search for answers to the question in the changing worldviews that were labeled "new thinking." They may conclude that a sense of security and reassurance in Moscow had more to do with Gorbachev's decisions than did U.S. power. The purpose of this paper is to tackle this large question by examining one dimension of Soviet foreign policy: Moscow's behavior in regional conflicts. There is no presumption that a definitive or complete explanation to the central interpretative question can be found in a study with this limited a focus, but it is to be hoped that important partial answers are possible. Along the way, the paper highlights the analytical dilemmas inherent in studying Soviet-American interaction in regional conflicts and outlines one strategy for drawing inferences about the relationship.

The Third World may seem like a strange focus for a consideration of basic questions about Soviet foreign policy—it was, after all, never granted highest priority in Moscow. Regional conflicts, however, were at the crux of the cold war. With nuclear and military stalemate in Europe, the majority of violent superpower competition was instead played out in Third World disputes. Seen as vital tests of will and resolve, conflicts from northern Iran in 1946, through Korea and Vietnam, to the war in Afghanistan were treated as fundamental indicators of Soviet intentions

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and strategic design. American leaders often assumed that Moscow thought of the Third World as the weak link, perhaps even the Achilles' heel, of the Western and capitalist economic and security systems. They therefore viewed Soviet behavior in regional conflicts as being emblematic of its competitive and revisionist ambitions. To many Americans, it was a litmus test of Moscow's expansionist, as opposed to status quo, priorities.

Regional conflicts are complicated. Soviet policy toward them could be seen from the perspective of (1) the perceptions and calculations that went into Soviet decision making, or (2) Moscow's actions in the context of the region, and/or (3) the interaction between Soviet and American commitments. Whereas on the one hand, studies of the relational pattern of interstate reciprocity in U.S.-Soviet behavior may underemphasize the decisional context of Soviet action,[1] on the other hand, sovietological research can focus on the inputs to Soviet decision making without attending to what the USSR actually did.[2] A middle ground might represent the international interaction and its impact on domestic debates.[3] Competitive moves by Washington could have strengthened Soviet "hawks," who pointed to foreign dangers; at the same time, such moves could have weakened the domestic strength of Soviet leaders who wanted to pursue foreign opportunities aggressively by reinforcing the general perception of external risks and costs. Cooperative moves could have had equally mixed results on domestic debates, confirming "dovish" Soviet elites in their quest for détente while tempting aggressive leaders to probe for weakness. This study will not attempt to explain internal Soviet bargaining. It will instead (1) propose a conception of strategic decision making that attempts to capture core judgments that competing Soviet leaders must have made and (2) define Soviet behavior in relational terms.

At a basic decisional level Soviet strategic choices rested on perceptions of threat and opportunity.[4] As has been widely recognized in international relations research, these different motives can generate quite sim-

[1] See Joshua Goldstein and John Freeman, *Three-Way Street: Strategic Reciprocity in World Politics* (Chicago: University of Chicago Press, 1990); and Russell Leng, "Reagan and the Russians: Crisis Bargaining Beliefs and the Historical Record," *American Political Science Review* 78 (June 1984).

[2] Compare the concentration on behavior in Alvin Rubinstein, *Moscow's Third World Strategy* (Princeton: Princeton University Press, 1988), with the concentration on competing statements in Jerry Hough, *The Struggle for the Third World: Soviet Debates and American Options* (Washington, D.C.: Brookings Institution, 1986).

[3] See Jack Snyder, "International Leverage on Soviet Domestic Change," *World Politics* 42 (October 1989).

[4] Richard Herrmann, *Perceptions and Behavior in Soviet Foreign Policy* (Pittsburgh, Pa.: University of Pittsburgh Press, 1985), 3–21.

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Perceived Need to Act	Perceived Soviet Capability and Opportunity Costs: Is overextended; must retrench	Can sustain current commitments	Has residual capability; can do more
Low	Disengagement	Detente	Pax Superpowers
High	Fortress	Containment	Rollback

FIGURE 1
SOVIET STRATEGIES

ilar behaviors and are difficult to distinguish from one another. One advantage of focusing on relational concepts such as *antagonistic, competitive*, or *cooperative* is that basic motivational questions can be set aside and attention devoted instead to more tractable issues such as how intense or urgent is the perceived need to act.[5] For instance, we can imagine a six-cell matrix defined along one dimension by high and low judgments of how necessary it is to engage in committed action and along the other dimension by calculations about Soviet options and opportunity costs. In Figure 1 each cell of the matrix contains a strategy. Figure 2 lists the operational implications of each strategy for regional policy. Strategies such as rollback, which follow from an urgent sense of threat or opportunity and a belief in residual Soviet power, will appear antagonistic to Americans. Strategies such as containment, which are driven by equal urgency but more constrained perceptions of capability, will appear competitive. Soviet strategies that derive from a lesser sense of threat or opportunity are likely to appear to Americans as more cooperative. This would depend, however, on whether the United States wanted the Soviet Union to be more involved in regional conflicts and on the extent to which Soviet elites felt they had the capability options to stay involved.

The next section examines change in Soviet regional policy, from

[5] On the advantages of describing Soviet behavior in such relational terms, see George Breslauer, *Soviet Strategy in the Middle East* (Boston: Unwin Hyman, 1990), 3–22.

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Strategy	Disengagement	Detente	Pax Superpowers	Fortress	Containment	Rollback
Goals	reduce overseas commitments	contain East-West contests	control Third World conflicts & protect bipolar order	reduce overseas commitments & pursue low-cost advantage	protect Third World assets & credibility	protect Third World assets & credibility; challenge adversary's positions
Objectives	pull back from dependent clients	regionalize conflicts	create spheres of influence	pull back from dependent clients	protect client regimes	protect client regimes
	avoid regional conflict	resolve conflict through parallel efforts	settle regional conflicts on joint U.S.-Soviet terms	avoid regional conflicts	compete for new allies	compete for new allies
	obtain foreign cooperation for global problems	establish arms control within regions	contain Third World military power	support united fronts with national liberation movements at low cost	preserve regional status quo; no major alliance changes	eliminate adversary's influence from region through major alliance changes
			act jointly to establish order & modernization		avoid direct challenge to adversary's client's position	force adversary's clients to accept retreat/defeat

FIGURE 2
STRATEGIC OPTIONS IN THE THIRD WORLD

three vantage points. First, it takes military assistance as a preliminary indicator of Moscow's commitment to protecting client regimes, competing for new allies, and maintaining Soviet assets. Second, it studies Moscow's willingness to intervene militarily or otherwise to protect and/or restrain its clients and to secure its alliance system in the Middle East. Third, it focuses on the terms for peace that Moscow advocated in critical regional conflicts. This involves identifying the degree to which Moscow was willing to surrender control of local events and allow indigenous processes to take their own course. It also considers Moscow's inclination to encourage American participation and turn to multilateral institu-

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tions. Finally, Section III turns to the question of explaining the new strategic course.

II. Soviet Behavior in Regional Conflicts: How Much Changed under Gorbachev?

The Provision of Arms

The provision of arms to potential regional allies is often taken as one form of competition. There may be various motives behind a decision to transfer arms, including the achievement of commercial gain as well as political leverage. Whatever the motives, however, the basic decision involved the USSR in potentially explosive regional contests and could jeopardize other Soviet policy objectives if Washington linked these regional actions to other dimensions of the U.S.-Soviet relationship.

Competition, of course, is a relational idea and not an absolute concept: without context there is no basis for judging how competitive certain behaviors are. In regional situations, for example, judgments can be dramatically affected by the comparative referent. Thus, the massive increase in Soviet deliveries to Iraq in the 1970s might be considered to signal increased competitiveness.[6] When these increases are compared with the increase in American deliveries to Iran, however, one might conclude that Moscow was barely willing to defend its ally.[7] Another approach could emphasize the nature of the preexisting regional balance and the forces necessary to prevail locally. In this regard, Moscow's provision of air power to Iraq in the early 1970s allowed Iraq to reverse the trends on the battlefield and negotiate terms in Algiers that the Soviets, as well as many other observers (including the United States), saw as reasonable.[8] The definition of regional context is considered at greater length below; this brief preliminary discussion provides a simple comparative referent by looking at the ratios in U.S./Soviet and NATO/WTO

[6] Iraqi military imports increased in constant 1976 dollars from $73 million in 1970 to $187 million in 1972, to $790 million in 1973, to $825 million in 1976, and to $1,043 million in 1977. From 1973 to 1977 the Soviet Union provided 70% of Iraqi imports. See U.S. Arms Control and Disarmament Agency (ACDA), *World Military Expenditures and Arms Transfers, 1968–1977* (Washington, D.C.: ACDA, October 1979), 132–33, 156.

[7] Iranian military imports in constant 1976 U.S. dollars in 1970 were $234 million, over four times Iraqi imports; they then rose in 1972 to $701 million, dipped in 1973 to $663 million, only to nearly double in 1974 to $1,126 million and nearly double again to $2,000 million in 1976 and climb still higher in 1977 to $2,275 million, over twice Iraqi imports. From 1973 to 1977 the U.S. provided 77% of Iranian imports. See ACDA (fn. 6), 132–33, 156.

[8] See Herrmann (fn. 4), 98–101; and Alvin Rubinstein, "Air Support for the Arab East," in Stephen Kaplan, ed., *Diplomacy of Power: Soviet Armed Forces as a Political Instrument* (Washington, D.C.: Brookings Institution, 1981), 468–518.

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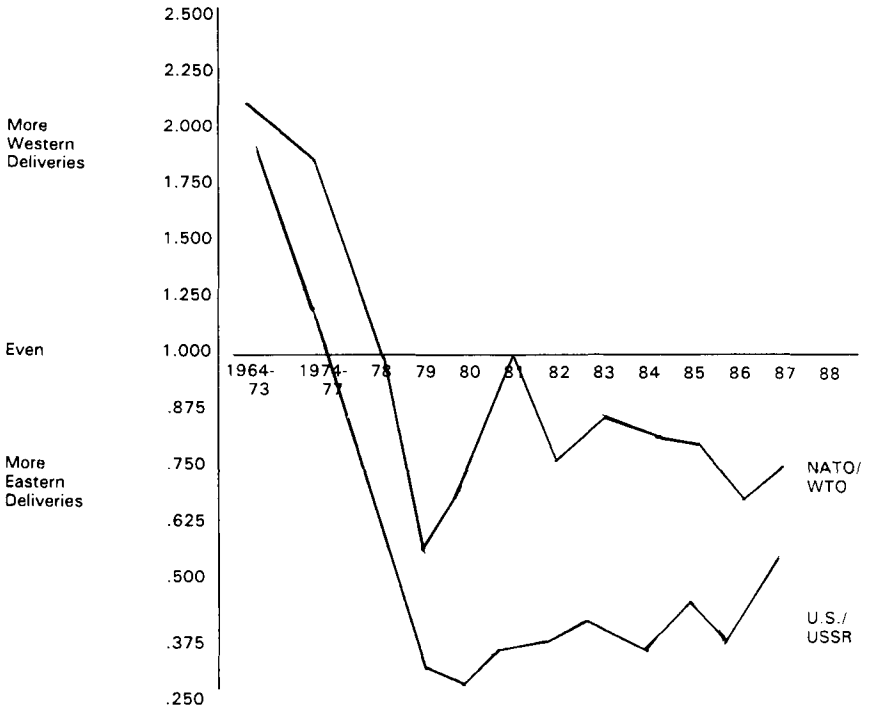

FIGURE 3
ARMS DELIVERIES TO THE DEVELOPING WORLD, 1964–88
(RATIO OF U.S. TO SOVIET AND NATO TO WTO)

SOURCES: Ratios computed from figures in U.S. ACDA, *World Military Expenditures and Arms Transfers, 1963–1973* (Washington, D.C.: ACDA, 1974), 67, and volumes for 1986, p. 147, and 1988, p. 115, published by ACDA in 1987 and 1989.

deliveries to Third World clients. Figures 3 and 4 summarize the patterns.

Despite the limitations of the unclassified data, interesting trends emerge nevertheless.[9] First, there is no doubt that Soviet deliveries increased in the late 1970s, but the shift came after a long period of American advantage. Moreover, it came in 1978–80, after the fall of Vietnam,

[9] The two sets use different aggregations and different methods for handling inflation. They also tend to group countries by region, making specific bilateral data hard to determine. Both sets were affected by the 1984 decision of the intelligence community to reevaluate the costs of spare parts and support material that Moscow was sending to the Third World. These recalculations had a major impact on totals, ratios, and substantive conclusions. For instance, in data from the Congressional Research Service for the overlapping years 1981, 1982, and 1983, where both the old and new accounting evaluations systems were in place, the ratio of NATO over WTO deliveries changed from 1.52 to .88, 1.30 to .79, and 1.66 to .91, respectively.

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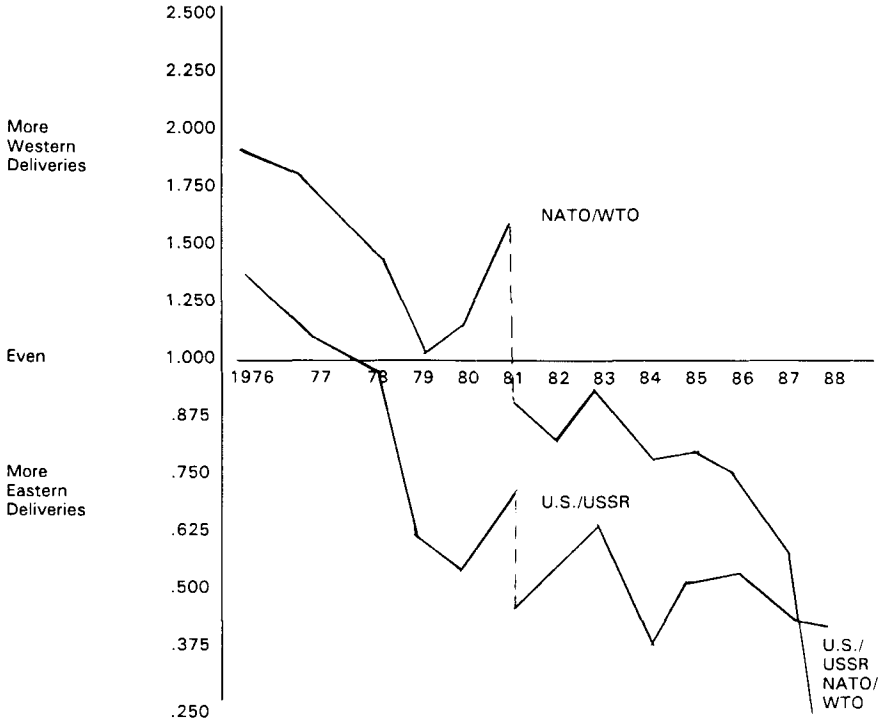

FIGURE 4
ARMS DELIVERIES TO THE THIRD WORLD, 1976–88
(RATIO OF U.S. TO SOVIET AND NATO TO WTO)

SOURCES: Richard Grimmett, "Trends in Conventional Arms Transfers to the Third World by Major Supplier, 1976–1983" (Washington, D.C.: Congressional Research Service, 1984), 23; and idem, "Trends in Conventional Arms Transfers to the Third World by Major Supplier, 1981–1988" (Washington, D.C.: Congressional Research Service, 1989), 43–44. The gap in 1981 reflects the recalculation of the value of support supplies and ammunition provided by the USSR undertaken by the U.S. intelligence community in 1984.

Angola, and Ethiopia, and seems to have been as much a consequence of these American setbacks as their cause. Furthermore, the Soviet advantage did not change in the 1980s. According to data from the Congressional Research Service (CRS), the trend since 1985 has seen Moscow's edge increase not recede, just the opposite of what would be expected if a resurgent American policy under President Reagan had compelled Moscow to retrench. It is likely, however, that the Persian Gulf crisis will be shown to have substantially boosted the American figures for 1990 and 1991 and that as previous Soviet commitments are fulfilled, Moscow will not refill the weapons pipelines. Although this would indicate im-

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portant change, it would not strengthen claims that Washington's policy caused Soviet leaders to change course.

Direct Interference

Actions, like arms transfers, are not self-explanatory. Soviet actions take on political meaning only when they are set in a definition of the regional situation. Does aid to the PLO help the bargaining process, by creating a balance of power, or undermine it, by giving the Palestinians the means to resist Israel's terms for peace? Does aid to the MPLA stop a South African and Zairian assault on Angola, or does it allow the MPLA to establish local supremacy? Does Soviet occupation of Afghanistan preserve control that would otherwise have been swept away by the Islamic mujahideen, or does it oust an unruly client and establish absolute domination as part of a move toward the Persian Gulf? The answers to these questions—critical for any interpretation of Soviet foreign policy—turn on perceptions of the regional scene and demand expertise that goes beyond Soviet studies.

A rich understanding of context is a necessary precondition for rigor.[10] Sophisticated quantitative coding techniques that insure reliability do not obviate the critical question of validity.[11] Rigor in this process requires the "accurate" definition of the situation.[12] Thus, Sovietologists must take care to resist approaches to content analysis of their sources that take verbal text out of context, either in "quote wars" or in frequency counts.

Regional situations are often defined by information that is biased by both the concerns of regional actors and the geostrategic inclinations of outside actors or superpowers.[13] Regional area specialists often criticize Sovietologists and American policymakers for exaggerating the Soviet Union's responsibility for the course of regional events. The definition of behavior as either competitive or cooperative rests on a host of contextual assumptions. George Breslauer, for instance, describes Moscow's efforts

[10] See Jack Snyder, "Richness, Rigor, and Relevance in the Study of Soviet Foreign Policy," *International Security* 9 (Winter 1984–85).

[11] See the arguments in Richard Ned Lebow and Janice Gross Stein, "Deterrence: The Elusive Dependent Variable," *World Politics* 42 (April 1990); and Paul Huth and Bruce Russett, "Testing Deterrence Theory: Rigor Makes a Difference," *World Politics* 42 (July 1990).

[12] See Herbert Simon, "Human Nature in Politics: The Dialogue of Psychology with Political Science," *American Political Science Review* 79 (June 1985).

[13] Politicians often define regional scenes in terms that combine their self-interest with their sense of principle. The cold war stylized this pattern with Americans describing their clients as democratic and the Soviets picturing their friends as progressive or socialist-oriented. On the degree to which geopolitical concerns dictated Soviet ideological descriptions of the situation, see Galia Golan, *The Soviet Union and National Liberation Movements in the Third World* (Boston: Unwin Hyman, 1988), 294–95; and Rubinstein (fn. 2), 65–70.

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to frustrate Washington's exclusionary diplomacy in the Middle East as competitive.[14] He recalls that in the mid-1970s Moscow broadened its relationships with Libya, Algeria, and the PLO and later, in response to the Camp David Accords and Egypt's defection, deepened its ties with the radical People's Front for the Liberation of Palestine. I have treated Moscow's efforts to draw Iraq and Syria together in 1978 as part of this same competitive strategy.[15] For many Arabs, however, Moscow's relative passivity at the loss of Egypt in the 1970s was breathtaking. Their picture of regional events depicts Soviet policy from a different perspective, one that sees Moscow's resistance to be so minor as to verge on acquiescence to Washington, if not outright cooperation.

As we will see in the Afghan case below, the timing of events also affects the way we understand them. Whereas in 1988 the Soviets refused to accept a mutual cutoff in the Soviet delivery of arms to the government in Kabul and the American provision of arms to the mujahideen, in 1989 they proposed negative symmetry, as mutual abstinence came to be known. This may have been a cooperative move designed to build on the American initiative, but in Washington the new Soviet diplomatic tactic was seen as a competitive move aimed at preserving the huge military advantage already in place in Kabul. The notion of restricting superpower involvement was the same in both instances, but the context had changed substantially. It is not surprising that the best data sets on cooperative and competitive Soviet and American actions differ substantially on many cases.[16]

Although the space constraints of an article do not allow for a detailed defense of the various case studies under discussion, one still needs to make judgments about them. To this end it is useful to divide regional cases into three types, based on an estimate of the prevailing Soviet definition of the strategic situation.[17] The first type would include cases in which a Soviet alliance relationship were being challenged, that is, situations in which Soviet allies or clients were either facing a threat to their rule or threatening to sever their relationship with the USSR. A second type of situation would pose a similar dilemma for the United States. A third scenario could involve regional actors who may have had ties to the

[14] Breslauer (fn. 5), 7–8.

[15] Herrmann (fn. 4), 142–48.

[16] See Llewellyn Howell, "A Comparative Study of the WEIS and COPDAB Data Sets," and Charles McClelland, "Let the User Beware," both in *International Studies Quarterly* 27 (June 1983).

[17] On the importance of dividing cases according to perceived symmetry in interests, see Alexander George, *Managing U.S.-Soviet Rivalry: Problems of Crisis Prevention* (Boulder, Colo.: Westview Press, 1983), 381–82.

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superpowers but were best described as both nonaligned and susceptible to rapid change. In this latter situation neither superpower would be threatened with loss of an established ally; rather, both would face a competitive situation that offered the possibility of new alliances.

To study Soviet behavior over time, it is necessary to differentiate the frequency and level of involvement according to these different types of situations. Table 1 lists events in the Near East between 1967 and 1990 and ranks the level of Soviet action or inaction for each.[18] While the exercise is limited to one region, Table 1 may reflect more general patterns in Soviet behavior. Moscow acts most forcefully when its own clients are threatened and is fairly timid about directly supporting activities that would disrupt American alliances. Its behavior in competitive situations varies quite a bit, with local circumstances evidently playing a large role in these cases. The general pattern for nonaligned cases falls within a range that is more limited than when Moscow's own clients are at risk and more active than when American clients are endangered. These patterns will not surprise anyone who believes in prospect theory.[19] They suggest a differentiated approach to risk taking: where the regional scene is likely to be framed as a potential loss, there is a greater willingness to take risk than where the scene is framed as one of possible gain.[20]

Other patterns are also evident in the Middle Eastern cases. First, in all three categories the major threats and opportunities stem from the interplay of regional players and are not instigated by either superpower.[21] Second, in light of its rather marginal involvement in the major episodes, Soviet responsibility for American setbacks should not be ex-

[18] In studies that concentrate only on cases of Soviet action, it is difficult to distinguish the conditions that lead to action from those that do not. See Bruce Porter, *The USSR in Third World Conflicts: Soviet Arms and Diplomacy in Local Wars, 1945–1980* (Cambridge: Cambridge University Press, 1984); and Rajan Menon, *Soviet Power and the Third World* (New Haven: Yale University Press, 1986).

[19] See Daniel Kahneman and Amos Tversky, "Prospect Theory: An Analysis of Decision under Risk," *Econometrica* 47 (1979); and George Quattrone and Amos Tversky, "Contrasting Rational and Psychological Analyses of Political Choice," *American Political Science Review* 82 (September 1988).

[20] For a similar finding, see Dennis Ross, "Risk Aversion in Soviet Decisionmaking," in Jiri Valenta and William Potter, eds., *Soviet Decisionmaking for National Security* (London: Allen and Unwin, 1984). On the importance of framing, see Daniel Kahneman and Amos Tversky, "Choices, Values, and Frames," *American Psychologist* 39 (1984); and Eric Johnson and Amos Tversky, "Representations of Perceptions of Risk," *Journal of Experimental Psychology: General* 113, no. 1 (1984).

[21] Francis Fukuyama reached a similar conclusion, finding that all cases in the 1970s were "critically dependent" on the existence of local opportunities or challenges and that the Soviet Union has not had much propensity to risk confrontation with the United States. See Fukuyama, *Moscow's Post-Brezhnev Reassessment of the Third World*, Rand no. 3337-USDP (Santa Monica, Calif.: Rand, 1986), 63–64.

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TABLE 1
SOVIET ACTION IN THE STRATEGIC CONTEXT OF MIDDLE EASTERN ALLIANCES, 1967–89

Strategic Context in Region[a]	*Soviet Action*[b]
A. Perceived Threat to Soviet Relationship	
1967 war, Damascus being bombed and possible collapse of Syrian regime that had come to power in 1966	5
1967 war, Cairo under attack and possible threat to stability of Nasser's regime	5
Yemenese Civil War, 1967 possible Republican defeat as Egyptian troops withdrew	4
Jordanian attack on PLO, 1970	1
War of Attrition 1969–70, Egyptian attacks failed and Israeli bombing of Cairo threatened Egypt's regime	6
Egyptian army surrounded in Sinai, Sadat facing large-scale defeat, 1973	5
Kurdish uprising in Iraq, 1972–75	4
Sadat's decision to abrogate treaty and turn to the U.S., 1976	−4
Syrian intervention in Lebanon vs. PLO-National Front, 1976	−3
Syrian decision to cooperate with Saudi-Egyptian mediation	−3
Eritrean war vs. Ethiopia, 1977–88	5
Tigrean war vs. Ethiopia, 1977–88	5
PDRY-YAR border war, 1979	5
Civil war in Afghanistan, 1979–86	6
Israeli attack on PLO in Lebanon, 1982	2
Israeli attack on Syria proper, 1982	5
Arafat's decision to work with Jordan, 1985	−4
Power struggle in Aden, 1986	5
Transition to coalition government in Afghanistan, 1987–89	5
B. Perceived Nonaligned Arena of Strategic Competition	
Nasser's decision to launch War of Attrition, 1969–70	−1
Sadat's year of decision, 1971	−2
Egyptian-Syrian plan to regain territories and leverage, 1973	4
War in Lebanon, 1975–76, support National Front	3
Ethiopian Revolution, 1974	0
Ethiopian coup, 1976	4

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TABLE 1 (*cont.*)

Strategic Context in Region[a]	*Soviet Action*[b]
Syrian-Iraqi unity as response to Camp David Accords, 1978–79	4
Iraq's attack on Iran, 1980	−4
Iran's offensive against Iraq, 1983–86	−4
May 17 Israeli-Lebanese accord and support for Syria's role in Lebanon, 1983–84	3
Iraqi aid vs. Iran, 1983–86	4
Exploit Egypt's frustration with Israel in Lebanon and failure of second phase of Camp David Accords, 1984–88	3
Exploit Gulf Arabs' fear of Iran and frustration with U.S. policy, 1985–88	4
Support Afghan pressure on Pakistan to deter support of mujahideen, 1986–88	4
Court Iran as U.S. and Western hostility toward Iran intensifies, 1987–89	3
Iraqi defiance of UN and U.S.-led Allied attack	−4
C. Challenges to American Alliances	
Nasserite-Syrian-PLO pressure on Jordan, 1966–67	1
Egyptian-Syrian-PLO attack on Israeli settlements, 1967	−1
PFLP-PLO terror pressure on Jordan, 1970	0
Syrian intervention to protect PLO, 1970	2
Egyptian-Syrian plan to attack Israel proper, 1973	−2
Dhofari rebel civil war and struggle in Oman, 1973–76	2
Somali interference in Ogaden region of Ethiopia, 1976	−2
Ethiopian pressure on Somalia, 1978	−2
Iranian Revolution, 1978–79	2
Palestinian attacks on Israel, 1978–82	1
Afghan pressure on Pakistan to break Pakistan's alliance to U.S., 1988–89	0
Syrian-Jibril opposition to Arafat's decision to recognize Israel and renounce terror, 1988–89	−2
Iraqi occupation of Kuwait, 1989	−4

[a] Some cases appear in more than one category because the situation evolved and the strategic implications for Moscow changed over time.

[b] The actions are coded on a 13-point scale that runs from 0 in the middle to +6 in one direction and −6 in the other direction. The specific points are defined as follows:

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TABLE 1 (*cont.*)

6	intervene with troops sufficient to prevail
5	either threaten to intervene with Soviet troops or provide major military aid, larger than aid received by client's regional adversaries
4	provide major military aid but less than the aid delivered by the U.S. to the client's adversaries
3	provide economic aid and diplomatic support
2	provide diplomatic support and propaganda encouragement
1	provide propaganda and press sympathy small-scale military aid, most of which is covert and hard to detect
0	no support and little comment
−1	offer public encouragement to stop and retreat
−2	refuse to provide diplomatic support for client's claims
−3	withhold military assistance from client
−4	withhold military and economic assistance and publicly criticize client's action
−5	threaten to use coercive means to constrain client
−6	use Soviet forces to constrain the actions of regional clients

aggerated. Third, in cases where Soviet alliances are threatened, Moscow typically moves to defend its relationship, but there are significant exceptions to this pattern. Both the willingness to let Syria suffer humiliating defeats and the Soviet stance as its relationship with Egypt collapsed are noteworthy for the lack of Soviet aggressiveness.

Finally, a fourth pattern in Table 1 is the consistency of action by type of situation across time. If we control by type of situation, Moscow's actions in the early 1970s parallel its efforts in the later 1970s and are also not entirely different from Gorbachev's behavior in the late 1980s. The periodization postulated by an American view of effective peace through strength is not easy to establish.[22] Soviet behavior does not become noticeably more active in the late 1970s, nor does Gorbachev retreat from the positions of the late 1970s. He withdrew Soviet troops from Afghanistan but held the line in terms of political support. He also continued to press for a further reduction in the American presence in the Persian Gulf and pursued a rapprochement with Tehran. Gorbachev was cautious and respected American sensibilities in the Arab-Israeli conflict and the Gulf, but so were his predecessors with regard to American setbacks in Iran, Nicaragua, and the Philippines.

The continuity evident from Table 1 may mask important change, however. Even as Moscow continued to support allies and seek clients, it

[22] The peace-through-strength perspective sees Soviet policy stymied briefly in the early 1970s and then very aggressive in the late 1970s, coterminous with a decline in American will. In the mid-1980s, after the United States had regained its self-confidence, Moscow is seen as cutting its losses in the Third World and pulling back from regional conflicts. See, e.g., Celeste A. Wallander, "Third World Conflict in Soviet Military Thought: Does the 'New Thinking' Grow Prematurely Grey?" *World Politics* 42 (October 1989); Fukuyama (fn. 21); and Neil MacFarlane, "The USSR and the Third World: Continuity and Change under Gorbachev," *Harriman Institute Forum* 1 (March 1988).

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could change the terms of these relationships. It could, for instance, push regional players toward new compromises and insist on new terms for settlement. It could also open new avenues for multinational mediation in regional conflicts and seek to work with the United States in new ways. None of this would be immediately apparent from the data in Table 1. To identify change and to understand it requires closer attention to the details of regional conflicts.

The Terms for Peace

One traditional perspective on Soviet policy contends that Moscow favored neither peace nor war in regional conflicts. Instead, it is held, Moscow preferred a situation of perpetual tension that heightened dependency on the USSR and promoted its regional penetration. In many cases, Moscow certainly opposed the terms for peace advanced by the U.S. government; less clear, however, is whether this reflected a lack of interest in peace and a preference for instability. More likely all parties want peace, but on their own terms. Rather than evaluating Soviet terms for peace on a normative basis, I employ the strategic framework introduced above. If Moscow's behavior resembled a containment or rollback pattern, then it ought to have put priority on preserving power, regional leverage, and control over local events. If Gorbachev was steering a course that resembled détente or a superpower condominium I have called *pax superpower*, then Moscow's terms for peace ought to have relaxed Soviet influence over local events and sought to involve Washington rather than exclude it.

This section, divided into four parts, concentrates on the cases of Iran, Iraq, and Afghanistan. The first part deals with Moscow's regional leverage; the next two discuss the Gulf and Afghanistan. The final part compares the findings in these cases to Soviet behavior in Angola and Cambodia. Regional leverage is based on Moscow's direct military instruments as well as its ability to affect the bargaining setting with political levers such as threats, bluffs, the utilization of regional public attitudes, and the manipulation of internal vulnerabilities of perceived dependencies and of local nationalism and animosities.[23] In the specific cases of the Persian Gulf and Afghanistan there are three central questions. (1) Will Moscow accept electoral procedures that could dislodge their clients? (2) Will Soviet leaders negotiate with regional actors that oppose Soviet clients or do they dismiss them as illegitimate? And (3)

[23] On leverage, see Richard Cottam, *Competitive Interference and Twentieth-Century Diplomacy* (Pittsburgh, Pa.: University of Pittsburgh Press, 1967), 78–116, 82.

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what attitude does Moscow take with regard to United Nations and U.S. involvement in the process of reconciliation?

REGIONAL LEVERAGE

In the late 1970s Moscow's influence in Southwest Asia was weak. When Moscow occupied Afghanistan, Sino-American relations were rapidly improving on anti-Soviet grounds.[24] Moscow's role in the Arab world was weakened by its inability to muster a credible answer to the Camp David Accords and by Arab anger over its behavior in the Horn of Africa. Its relationship with Egypt had collapsed, its ties to Syria were strained over Lebanon, and its relations with Iraq were quite cool.[25] According to traditional zero-sum thinking, the Iranian Revolution should have been a major boost for the Russians, but most observers in Moscow anticipated an American comeback.[26] There is good reason to believe that is precisely what Brezhnev sought to block with his move to control Kabul.[27]

Saddam Hussein's attack on Iran gave Moscow an opportunity to improve Soviet leverage in the Persian Gulf. The Soviet Union could add to its new logistic advantages acquired by the invasion of Afghanistan by either backing Iraq and bringing down the revolutionary government in Tehran or by coming to the Iranians' defense in exchange for more Soviet access to and influence in Gulf affairs. Rather than exploiting the Iran-Iraq War, however, Moscow called on both sides to stop.[28] For Soviet leaders the war invited American influence back into the northern

[24] See Zbigniew Brzezinski, *Power and Principle: Memoirs of the National Security Adviser, 1977–1981* (New York: Farrar, Straus, Giroux, 1983), 196–233, 403–25; and Cyrus Vance, *Hard Choices: Critical Years in America's Foreign Policy* (New York: Simon and Schuster, 1983), 113–22.

[25] See Herrmann (fn. 4), 142–54.

[26] See Alex Kislov, "The Middle East and American Strategy," *SSHA: Ekonomika, Politika, Ideologiya* 6 (June 1980) (*JPRS 76190*); and A. D. Portnyagin, "Operating through Islamabad," *SSHA: Ekonomika, Politika, Ideologiya* 5 (1980) (*JPRS-76054*).

[27] See Leonid Brezhnev, "Interview," *Pravda*, January 13, 1980, p. 1 (*FBIS-SOV-January 14, 1980*, A1–6). Even after the withdrawal some Soviet observers still emphasized the threat posed by the United States and Pakistan. See, e.g., Kim Makedonovich Tsagolov, "Not Everything Is So Simple," *SSHA: Ekonomika, Politika, Ideologiya* 6 (June 1989) (*JPRS-USA-89-013*, 17–21). Others argued that the intervention had been based on false assumptions and Soviet credibility concerns. See Genrikh A. Trofimenko, "With an Inexperienced Hand," *SSHA* 6 (June 1989) (*JPRS-USA-89-013*, 22–27); and Vladimir Lukin, "The Lessons of Afghanistan: Sources of Bloody Games," *SSHA* 7 (July 1989) (*JPRS-USA-89-014*, pp. 7–9). Aleksandr Bovin, a critic of the intervention, admits that he was persuaded by the prevailing cold war thinking in 1979. See Bovin, "Experience in Self-Criticism," *SSHA* 7 (July 1989) (*JPRS-USA-89-014*, 11–14). Pavel Demchenko, who was the Party's leading voice on Afghanistan in the 1980s, claims he never found Brezhnev's argument about an American threat in Kabul credible. He leaves no doubt, however, that this is what motivated Brezhnev. See Demchenko, "How This Began in Afghanistan," *Ekho Planety* 46 (November 1980).

[28] On Soviet options, see Richard Herrmann, "The Role of Iran in Soviet Perceptions and Policy, 1946–1988," in Nikki Keddie and Mark Gasiorowski, eds., *Neither East Nor West: Iran, the Soviet Union, and the United States* (New Haven: Yale University Press, 1990).

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Gulf, the key strategic development they wanted to prevent. Some leaders in Moscow may have entertained notions that Islamic populism could be molded into a progressive anti-imperialist alliance, but by 1983 these illusions were pretty much shattered.[29] By 1985 cold war–minded Soviets saw that the bipolar wheel had turned and that Washington might harness the anticommunist side of political Islam.[30] When Gorbachev took power in 1985, Moscow reviewed its Afghan policy. Soviet thinking about Afghanistan evolved in the context of increasing U.S. deliveries to the resistance forces but was not a function of Soviet weakness on the ground. Indeed, the initial decisions to change course preceded the major escalation in Washington's covert program supporting the mujahideen.[31] Moscow followed a path that traded military occupation for political involvement in the region.[32] Shevardnadze's tour of the Arab and Islamic world coincided with Moscow's military pullback.[33] Gorbachev also defused Sino-Soviets tensions as the Sino-American threat lost ground. Soviet-Indian relations remained good throughout, while American-Pakistani ties were complicated by Pakistan's Islamic ties in the Arab world, its nuclear program, and its internal vulnerabilities.[34] Soviet-Iranian relations, meantime, improved steadily.[35]

[29] See Rostislav Ul'yanovskiy, "Iranskaya Revolutsiya i ee Osobennosti" (The Iranian Revolution and its peculiarities), *Kommunist* 10 (July 1982); Semen Agayev, "Zigzagi Iranskoy Revolyutsii" (The zigzags of the Iranian Revolution), *Voprosy istorii* 1 (1985); and R. Ul'yanovskiy, "Sud'by Iranskoi Revolutsii" (Evolution of the Iranian Revolution), *Kommunist* 8 (May 1985).

[30] See Alex Kislov and Rudolf Zimenkov, *The U.S.A. and the Islamic World* (New Delhi: Sterling Publishers, 1984); and Igor Belyayev, "Islam and Politics," *Literaturnaya Gazeta*, May 13, 1987, p. 13, and May 20, 1987, p. 12 (both in *FBIS-SOV-87-113*).

[31] At the Geneva summit in November 1985 Gorbachev connected Soviet withdrawal to an American guarantee of a political settlement. U.S. Deputy Secretary of State John Whitehead officially agreed in December that the U.S. would act as a guarantor; *New York Times*, December 14, 1985, p. 1. In January 1986 the Afghan regime announced a timetable for Soviet withdrawal; *New York Times*, January 1, 1986, p. 1. It was in March 1986 that the Reagan administration decided to provide Stinger missiles to the Afghan mujahideen; *New York Times*, March 30, 1986, p. 3. According to Selig Harrison, U.S. aid levels in 1986 and 1987 increased from the $120 million in 1984 and the $250 million in 1985 to $470 million in 1986 and $630 million in 1987. See Harrison, "Inside the Afghan Talks," *Foreign Policy* 72 (Fall 1988). See also Steven Galster, "Rivalry and Reconciliation in Afghanistan: What Prospects for the Accords?" *Third World Quarterly* 10 (October 1988); and Barnett Rubin, "Afghanistan: The Next Round," *Orbis* (Winter 1989).

[32] See W. Raymond Duncan and Carolyn McGiffert Ekedahl, *Moscow and the Third World under Gorbachev* (Boulder, Colo.: Westview Press, 1990), 93–114.

[33] Moscow completed its withdrawal on February 15, 1989. Eduard Shevardnadze visited Syria, Jordan, Egypt, Iraq, and Iran between February 21 and 27. In Egypt he met with Israeli Foreign Minister Moshe Arens and the PLO's Yasir Arafat. See *FBIS-SOV-89-33, 34, 35, 36, 37, 38*.

[34] See Thomas P. Thornton, "The New Phase in U.S.-Pakistani Relations," *Foreign Affairs* 68 (Summer 1989). See also Stephen Cohen, "U.S.-Pakistani Security Relations," in Leo Rose and Noor Husain, eds., *United States–Pakistan Forum: Relations with the Major Powers* (Lahore, Pakistan: Vanguard Books, 1987); and Hamid Kizilbash, "Anti-Americanism in Pakistan," *Annals of the American Academy of Political and Social Science* 497 (May 1988).

[35] Gorbachev invited Rafsanjani to Moscow in 1988. At the end of the year Khomeini

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Hard-line religious leaders in Iran, fearing what they saw as a mounting U.S. threat, opposed a Pakistani and Saudi victory in Afghanistan.[36] They made common cause with Moscow in opposing the spread of "American Islam" and in calling for the withdrawal of nonregional forces from the Persian Gulf.[37] Gorbachev, evidently aware that Brezhnev's use of force against Islamic populism in Afghanistan had destroyed Moscow's leverage elsewhere in the Middle East, saw in withdrawal from Afghanistan the opportunity to rectify a self-defeating policy.[38] That move, if it could be coupled with rapprochement with Iran and Moscow's emergence as the principle superpower with positive influence in the northern Gulf, would be worth the attendant risks of losing control in Afghanistan.

Shevardnadze was welcomed by Ayatollah Khomeini in Tehran in February 1989—on the heels of the withdrawal from Afghanistan. Not only was he the first Soviet foreign minister to visit Iran in over seventy years, but he was also the first foreign minister from any country received by the Imam. Hashemi-Rafsanjani visited Moscow in June, just weeks after Khomeini's death, and agreed to a joint declaration of principles, a long-term economic package, and new consular relations.[39] The relationship continued to improve throughout 1989, as Tehran tried to engineer a compromise in Kabul and Moscow continued to provide leverage for Iran vis-à-vis Iraq.[40] The rapprochement weathered the nationalist disturbances in Soviet Azerbaijan and, along with perestroika, fundamentally affected both Iranian perceptions of the Soviet threat and Iranian strategic calculations.

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wrote to Gorbachev. See "Message from Ruhollah Musavi Khomeini to Mikhail Gorbachev," *Tehran Domestic Service*, January 8, 1989 (*FBIS-NES-89-005*, pp. 57–59); and editorial, "Gorbachev's Message: A Tactful Maneuver," *Tehran Times*, February 27, 1989, p. 2 (*FBIS-NES-89-042*, p. 63).

[36] See John Lorentz, "Anatomy of an Entanglement Afghanistan and Iran" (Paper presented to Conference on the Afghan Legacy, University of Texas, Austin, October 19–20, 1989).

[37] See Ayatollah Khamenei, "Message to Pilgrims," *Tehran Domestic Service*, July 6, 1989 (*FBIS-NES-89-129*, pp. 51–54); and Hashemi-Rafsanjani, "News Conference," *Tehran Television*, June 8, 1989) (*FBIS-NES-89-111*, pp. 31–40).

[38] See Richard Herrmann, "The Soviet Decision to Withdraw from Afghanistan: Changing Strategic and Regional Images," in Robert Jervis and Jack Snyder, eds., *Dominoes and Bandwagons: Strategic Beliefs and Superpower Competition in the Eurasian Rimland* (New York: Oxford University Press, 1991).

[39] "Declaration of the Principles of Relations between the USSR and Iran," *TASS*, June 22, 1989) (*FBIS-SOV-89-119*, pp. 23–24); "Joint Communique," *Pravda*, June 24, 1989, p. 4 (*FBIS-SOV-80-121*, pp. 19–20). See also Hashemi-Rafsanjani, "Friday Sermon," *Tehran Domestic Service*, June 30, 1989 (*FBIS-NES-89-133*, pp. 63–67).

[40] See John Lorentz, "The Soviet Invasion of Afghanistan and Its Impact on Soviet-Iranian Relations" (Paper presented to the Conference on Soviet and American Relations with Turkey, Iran, and Afghanistan, Columbus, Ohio, May 5–6, 1990).

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Across the 1980s Moscow's leverage in Southwest Asia improved relative to Washington's, even though both superpowers lost ground to independent regional actors like Iraq and Iran. Gorbachev did not see this as necessarily a Soviet gain (it was precisely that sort of zero-sum bipolar thinking—the "old thinking"—that he was anxious to replace).[41] New priority was given instead to the threat to U.S.-Soviet relations posed by regional conflicts and to its effects on Soviet national security.[42]

The concept of escalation took on a new dimension in Soviet thinking. Cold war assumptions that Soviet weakness promoted American imperialism had been replaced in the 1980s by new concerns that regional weakness and turmoil would invite American interference. At the close of the decade these concerns were overshadowed by worries that regional actors escalating a local war might create disturbances so severe that Moscow and Washington would be drawn into a confrontation neither wanted nor could control.[43]

THE PERSIAN GULF

Iraq's occupation of Kuwait and the ensuing Gulf War in 1991 represented just the kind of regional conflict that Gorbachev had hoped to avoid. It could damage U.S.-Soviet relations and escalate in unpredictable directions. Moreover, the strategic consequences were unclear. While the U.S. mobilized opposition to Iraqi aggression and spoke of a "new world order," Saddam played to the Arab and Islamic street with powerful anti-imperialist symbols. The American military force spearheading the U.N.-sanctioned effort to liberate Kuwait intimidated but also alienated. Much would depend on the long-term Arab and Islamic reaction to the war and Washington's behavior. Gorbachev's policy in many ways followed traditional Soviet patterns. It was cautious and de-

[41] Mikhail Gorbachev, "Speech at the U.N.," *Pravda*, December 8, 1988, pp. 1, 2 (*FBIS-SOV-88-236*, pp. 11–19). See also Georgiy Mirskiy, "UN Speech: Boost for Quest and Action: Sensible Approach. On Deideologization of Interstate Relations," *Pravda*, January 25, 1989, p. 4 (*FBIS-SOV-89-016*, pp. 18–20); and Nodari Simoniya, "Principle of Freedom of Choice," *Pravda*, January 18, 1989, p. 4 (*FBIS-SOV-89-017*, pp. 15–17).

[42] Yevgeni Primakov, "USSR Policy on Regional Conflicts," *International Affairs* (Moscow) 6 (1988); Andrey Kolosovskiy, "Regional Conflicts and Global Security," *Mirovaya Ekonomika i Mezhdunarodnyye Otnosheniya* 6 (June 1988) (*JPRS-UWE-88-011*, pp. 14–20); and Aleksey Vasilyev, "There Will Not Be Any Losers If Realism Prevails in Approach to Regional Conflicts," *Izvestiya*, February 4, 1989, p. 6 (*FBIS-SOV-89-026*, pp. 10–12).

[43] For this evolution, see Viktor A. Kremenyuk, "Regional Structure of U.S. Foreign Policy," *SSHA: Ekonomika, Politika, Ideologiya* 5 (May 1974) (*JPRS 62191*); idem, "The Developing Countries and the United States: The Struggle Intensifies," *SSHA* 2 (February 1981) (*JPRS 77724*); idem, "The Same Old Scenario: Interventionism," *SSHA* 5 (May 1981) (*JPRS 78649*); and idem, "Soviet-American Relations and Regional Conflicts," *Aziya i Afrika Segodnya* 3 (March 1989) (*JPRS-UIA-89-014*, pp. 42–46). For traditional Soviet military ideas on escalation and Third World conflicts, see Mark Katz, *The Third World in Soviet Military Thoughts* (Baltimore: Johns Hopkins University Press, 1982).

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signed to avoid conflict with the U.S. At the same time, it tried to protect Moscow's image in the Arab nationalist and Islamic communities.

Despite the 1972 Soviet-Iraqi Friendship Treaty, Baghdad was not a close ally of Moscow. Concerned that Iraq was too dependent on Soviet weaponry, Saddam had been diversifying his suppliers since the mid-1970s. (He came to be heavily in debt to Saudi Arabia, Kuwait, and Western creditors, although he continued to be a valuable cash-paying customer for Soviet weapons.) Moreover, he crushed the Iraqi communists in 1978 and condemned Soviet policy toward Ethiopia, South Yemen, and Afghanistan in the 1980s; he rehabilitated the monarchical tradition in Iraq; and he formally aligned in the Arab Cooperation Council with Washington's allies in Egypt and Jordan.

Thus, Saddam was not an ally Moscow cared to court. In 1980, for example, the Soviet Union did not support Iraq's attack on Iran. And after the United Nations Security Council called on both sides to stop the fighting on September 24, 1980, the Soviet Union did not demur from this position.[44] It withheld military supplies from Baghdad and at one point offered assistance to Iran.[45] While Moscow did not block East European shipments to Iraq, it also did not block North Korean shipments to Iran; and politically it "tilted" slightly toward Iran when it signed a Treaty of Friendship with Syria in October 1980. Soviet observers criticized Saddam Hussein's invasion of Iran as fratricidal—dividing the Arab world and weakening the regional front of Arab and Islamic states that opposed Israeli policy. More importantly, in their view, it invited escalation of the American military presence in the area.[46] Soviet observers argued that the United States encouraged Iraq to attack Iran and would take advantage of the situation to overthrow the revolutionary government in Iran and reestablish a pro-American regime there.[47] Brezhnev called on both sides to seek a negotiated settlement that would stop the bloodletting.[48]

Soviet observers assumed Washington would try to take advantage of

[44] *Washington Post*, September 23, 1980, p. A21.

[45] See Herrmann (fn. 28), 80–81.

[46] Pavel Demchenko, "Who Is Fueling the Conflicts?" *Pravda*, October 18, 1980, p. 5 (*FBIS-SOV-October 20, 1980*, pp. A2–3); S. Kondrashov, "An 'External Force' over the Persian Gulf," *Izvestiya*, November 4, 1980, p. 5 (*FBIS-SOV-November 10, 1980*, pp. A3–5); and Igor Belyayev, "Surrounding the Iranian-Iraqi Conflict," *Literaturnaya Gazeta*, October 1, 1980, p. 9 (*FBIS-SOV-October 2, 1980*, pp. A2–3).

[47] See Alex Kislov, "Washington and the Iraqi-Iran Conflict," *SSHA: Ekonomika, Politika, Ideologiya* 1 (January 1981) (*JPRS 77507*, pp. 28–33); M. Ponomarev, "Washington Plays with Fire," *Krasnaya Zvezda*, October 5, 1980, p. 3 (*FBIS-SOV-October 8, 1980*, pp. A1–3); and idem, "Who Is Taking Advantage of the Conflict?" *Krasnaya Zvezda*, October 26, 1980, p. 3 (*FBIS-SOV-October 30, 1980*, pp. H1–3).

[48] *Washington Post*, October 1, 1980, p. A15.

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the Iraq-Iran War and in keeping with the Carter Doctrine work to contain Soviet influence.[49] Moscow strove to insure that it was not cut out. In December 1980 Brezhnev proposed a multilateral approach to Gulf security that would legitimate Moscow's participation and limit Washington's unilateral options.[50] Washington rejected the idea both because it linked the Gulf to Afghanistan and because it would invite a Soviet role in the Gulf, to which Washington had been opposed for thirty years. When Iran turned the tide in 1982, Moscow resumed supplies to Iraq and kept Baghdad armed until Iran accepted a cease-fire in 1988. During this period the USSR established relations with a number of Arab Gulf states and took advantage of Kuwait's request for naval protection in 1987 to set a precedent for Soviet involvement.[51] Gorbachev in 1988 revived Moscow's interest in a multilateral international approach to Gulf security.[52]

Moscow found itself in a new strategic situation during the Gulf crisis in 1990. Rather than being kept out by Washington, it was invited in. The Bush-Gorbachev summit in Helsinki gave symbolic expression to the new political situation. Encouraged by the U.S., the Saudis welcomed Soviet participation in both the naval blockade of Iraq and the ground defense of Saudi Arabia.[53] Moscow suddenly found itself offered legitimacy and a military role in the region, which U.S. policy had been determined to block for decades. This would come, however, at the risk of alienating powerful regional movements. Saddam Hussein was playing to Arab nationalist and Islamic communities with traditionally potent symbols. Gorbachev chose to play it both ways, abiding by the U.N. sanctions against Iraq but refusing to participate in the military confrontation with Saddam.

Moscow had cooperated with Washington to bring about a cease-fire in the 1973 October War. In 1991 it agreed that Iraq's aggression could not be allowed to stand, but as in 1973, it did not share Israel's or Washington's interest in destroying the Arab capability base, whether the

[49] See Pavel Demchenko, "Senseless War," *Pravda*, October 7, 1982, p. 5 (*FBIS-SOV-October 8, 1982*, p. H7).

[50] See Leonid Brezhnev, "Speech to India's Parliament," *TASS*, December 10, 1980 (*FBIS-SOV-80-240*, pp. D5–8).

[51] On reflagging, see International Institute for Strategic Studies, *Strategic Survey, 1987–1988* (London: IISS, 1988), 127–32, and 75. See also Gary Sick, "Slouching toward Settlement: The Internationalization of the Iran-Iraq War, 1987–1988," in Keddie and Gasiorowski (fn. 28), 219–45.

[52] See Mikhail Gorbachev, "Speech to the Indian Parliament," *TASS*, November 22, 1986 (*FBIS-SOV-86-229*, pp. D6–12); and idem, "Speech at the U.N.," *Pravda*, December 8, 1988, p. 1 (*FBIS-SOV-88-236*, pp. 11–19).

[53] *New York Times*, September 19, 1990, p. 10; *Washington Post*, September 16, 1990, p. 25, and September 18, 1990, p. 21.

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Egyptian Third Army in the Sinai or Iraq's military capacity. No one can know what Moscow would ultimately have done had Washington joined Israel's attack on the Third Army or Iraq's attack on Iran, but in both cases Brezhnev at least issued deterrent warnings. In 1990 Gorbachev was not prepared to compete with Washington's military effort in the region, nor was he ready to deter it. He was, however, willing to push Washington to limit its objectives to the liberation of Kuwait. Soviet diplomatic efforts sought to persuade Saddam that a retreat would protect Iraq's capabilities for another day and also enhance its prospects for regional influence.

In 1989–90 the Soviet Union had tried to mediate unilaterally between Iran and Iraq in an effort to implement UN 598. It had better entrée to both Baghdad and Tehran than Washington had, and Gorbachev tried to preserve these relationships during the Kuwaiti crisis. He dispatched Yevgeni Primakov to Baghdad and advocated a form of sequential linkage that would tie Iraq's withdrawal from Kuwait to a broader international focus on the Palestinian question and the issues related to nonregional forces in the Persian Gulf.[54] The United States opposed these Soviet plans, but so did Saddam Hussein. Had Primakov found a more flexible leader in Baghdad, the coordination between U.S. and Soviet diplomacy might have broken down. Top U.S. officials considered the prospect of a negotiated haggle over the Gulf situation to be a "nightmare scenario."[55] Saddam, however, refused to pursue the diplomatic alternatives worked out in Moscow and Tehran, which left Moscow with no choice but to condone the massive use of American force. Conservatives in the Soviet Union protested Gorbachev's policy but did not prevail.[56] Gorbachev's acquiescence to Washington was not entirely new—Moscow had abandoned Third World radicals before—but his willingness to accept the UN sanction of the use of American force was a major departure from past practice.

AFGHANISTAN

Moscow was obviously determined to assert control when it put Babrak Karmal in power.[57] Its efforts to encourage Karmal's government to

[54] See Primakov, "The Inside Story of Moscow's Quest for a Deal," *Time*, March 4, 1991, pp. 40–48; and "Interview with Yevgeni Primakov," *Paris Europe Number One*, April 28, 1991 (*FBIS-SOV-91-083*, pp. 9–15).

[55] *New York Times*, December 19, 1990, p. 16.

[56] See V. Afanasyev, "Bloodshed Could Have Been Avoided," *Sovetskaya Rossiya*, January 18, 1991, p. 5 (*FBIS-SOV-91-013*, pp. 11–12); Ye Shchekatikhin, "Protracted Downpour," *Sovetskaya Rossiya*, February 2, 1991, p. 5 (*FBIS-SOV-91-025*, pp. 32–33); and Vitaliy Kobysh, "A Special Kind of War," *Izvestiya*, January 22, 1991, p. 5 (*FBIS-SOV-91-015*, pp. 12–14).

[57] See Henry Bradsher, *Afghanistan and the Soviet Union*, 2d ed. (Durham, N.C.: Duke University Press, 1985), 210–17, 227–37, 240–48; and Demchenko (fn. 27).

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reach out to Islamic groups and to win over public support were all made in the spirit of co-optation.[58] International mediation was stymied by Moscow's refusal to accept any approach that might lead to fundamental change in the Afghan regime.[59] This began to change in 1985, and it was clear by spring 1986 that Gorbachev was more serious about national reconciliation.[60] The concept had always been part of the Soviet Afghan campaign, but now it meant support for a coalition government and the inclusion of groups that had previously been considered nothing more than agents of the CIA.

The Soviet Union withdrew its troops in 1989, despite Najib's failure to establish a broad-based coalition government. Western officials expected a rapid victory of the mujahideen and presumed that Soviet leaders had accepted the fall of Najib's regime.[61] Soviet Afghan experts acknowledged these Western expectations of imminent victory but dismissed them as based on a superficial reading of Afghan politics.[62] Moscow's refusal to negotiate a mutual cutoff in military assistance, however, suggested that privately Moscow expected the worst and was prepared to prevent it. In Vladivostok in 1986 Gorbachev promised that he would not abandon Soviet clients,[63] a position from which his administration never retreated.[64] It took seriously American agreements on noninterference and Washington's willingness to guarantee the Geneva Accords. Despite the troop withdrawal, Moscow supported Najib's regime and increased its military deliveries.[65] Soviet deliveries to Kabul far exceeded

[58] On the multidimensional Soviet strategy, see Richard Herrmann, "The Empirical Challenge of the Cognitive Revolution: A Strategy for Drawing Inferences about Perceptions," *International Studies Quarterly* 32 (1988). For a Soviet appraisal that "reconciliation" meant co-optation, see Andrey Kolosov, "Perosmysleniye Politiki v 'Tret'yem mire' " (Rethinking policy in the Third World), *Mezhdunarodnaya Zhizn* 4 (April 1990).

[59] The British made an effort in February 1980, and the French in January 1981; the UN named Perez de Cuellar as special envoy on Afghan matters in February 1981, and the European Community made a proposal in July 1981, which Moscow promptly rejected, as it had the others. In late 1982 and in 1983 and early 1984 Geneva talks and UN mediation were active but ineffectual.

[60] See Bradsher (fn. 57), 268–69, 285–91. When Karmal seemed to drag his feet, he was replaced by Najibullah in May 1986. Najib concentrated on "broadening" the regime's base. Najib, "Consolidating the Revolution," *Pravda*, May 16, 1986, p. 5 (*FBIS-SOV-86-098*, pp. D1–2).

[61] See, e.g., U.S. State Department, *Afghanistan: Eight Years of Soviet Occupation*, Special report no. 173 (December 1987); and idem, *Afghanistan: Soviet Occupation and Withdrawal*, Special report no. 179 (Washington, D.C.: U.S. Department of State, Bureau of Public Affairs, December 1988).

[62] See, e.g., Yuri Gankovskiy, "A Lesson Worth Learning: War in Afghanistan through a Historian's Eyes," *Izvestiya*, May 5, 1989, p. 5 (*FBIS-SOV-89-089*).

[63] Mikhail Gorbachev, "Speech in Vladivostok," *Moscow TV*, July 28, 1986 (*FBIS-SOV-86-145*, pp. R1–20, 18–19).

[64] See Eduard Shevardnadze, "Consolidation of the CPSU under Multiparty Conditions," *Literaturnaya Gazeta*, April 18, 1990, pp. 1, 9 (*FBIS-SOV-90-081*, pp. 5–11).

[65] *Washington Post*, July 16, 1989, p. A1, and November 24, 1989, p. 45; *New York Times*, October 10, 1989, p. 1, November 26, 1989, p. 16, and December 17, 1989, p. 26.

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Western deliveries to the mujahideen, and Najib's military superiority in 1988–89 grew, along with his political connections. The creation of the Afghan Interim Government (AIG) in Pakistan in early 1989 only further weakened the political cohesion of the resistance and alienated important mujahideen commanders who felt the process was manipulated by Pakistan's security directorate (ISI).[66]

Moscow's leverage by late 1989 was on the upswing, while Washington's continued to sink. Given Najib's military edge, Moscow's reversal on a mutual cutoff of military assistance hardly seemed like a concession. Negative symmetry became the Soviet position that Washington resisted, with the U.S. refusing to endorse a cease-fire and mutual arms cutoff before Moscow agreed to a credible process of political transition. Gorbachev promoted the idea of free elections with international supervision, evidently confident that the People's Democratic Party of Afghanistan (PDPA) could cooperate with secular nationalists in support of former king Zahir Shah and block the Islamic extremists.[67] He insisted that Najib be allowed to remain in power during the election process and that the PDPA be allowed to participate. Moscow was reluctant to clarify the role and authority of "international supervision," but it was determined to limit Pakistani interference. In late 1990, when Washington signaled its interest in negative symmetry and a joint Soviet-American statement on elections, Shevardnadze demurred. Evidently, Najib still had powerful allies in the Soviet Foreign Ministry, the Red Army, and the KGB. Regardless of American agreements, they argued, Najib needed to be defended against groups of mujahideen that were receiving aid from the Pakistanis and the Saudis.

SOUTHWEST ASIA: EXCEPTION OR RULE?

On September 13, 1991, Secretary Baker and the new Soviet foreign minister, Boris Pankin, agreed beginning in January 1992 to stop all of their arms deliveries to the combatants in Afghanistan. They also agreed to turn over to the United Nations the whole question of an internal settlement in Afghanistan. The Soviet Union received an American agreement to ask other suppliers of arms to the mujahideen to stop, but no guarantees. Meantime, the United States agreed to a UN-mediated "intra-Afghan negotiating process" that still included Najib and few con-

[66] See Barnett Rubin, "The Fragmentation of Afghanistan," *Foreign Affairs* 68 (Winter 1989–90).

[67] Moscow began to talk directly to the mujahideen in November 1988. *New York Times*, November 28, 1988, p. 1. For the Soviet election plan, see E. Shevardnadze, "Afghanistan: The Difficult Road to Peace," *Izvestiya*, February 15, 1990, p. 5 (*FBIS-SOV-90-032*).

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crete specifics about how a transition would proceed.[68] Southwest Asia may be special because of Washington's long-standing interests in oil and Moscow's concerns about events close to its borders. At the same time, Afghanistan represented the largest commitment of Soviet troops in the Third World and the Soviets' most costly "bleeding wound." Presumably it had taught the Russians a lesson and forced a retreat. It is in many ways a critical case that casts doubt on interpretations of change that rest exclusively on Moscow's domestic weakness and need to conserve resources.[69] Gorbachev had signaled a desire to change course, but in the direction of compromise not surrender and with a regional sophistication that promised to promote Soviet leverage not abandon it. Moreover, he did not retreat in the face of the American escalation after 1986; rather, he responded to it with deliveries to Kabul that remained vastly greater than Washington's effort and that were sufficient to prevent Najib's defeat. While it is not possible in this article to cover other cases, the general pattern seems to be quite similar in Angola and Cambodia.

Angola. Soviet and Cuban escalation in Angola came in the context of the U.S.-supported intervention by South Africa (RSA) and Zaire.[70] Brezhnev's support, and Washington's restraint, allowed the MPLA to prevail in Luanda but did not free Angola from RSA military pressure. The Lusaka Accords signed in 1984 were testimony to this.[71] In 1985 the United States repealed the Clark Amendment and increased covert aid to UNITA. The Reagan Doctrine that justified U.S. aid to anticommunist insurgents did not induce Soviet retreat but rather fostered Soviet competition: Moscow's aid to Luanda in 1987–88 reached $1 billion, the largest package ever. Cuban troops, meantime, took the battle to the border of Namibia. Many observers believe it was the costly battles at Cuito Cuanavale that finally convinced the RSA to seek a negotiated settlement.[72]

The Brazzaville Protocol endorsed by Gorbachev was consistent with important elements of Brezhnev's policy. South African troops were scheduled to leave Angola and Namibia, RSA support for UNITA was to

[68] *New York Times*, September 14, 1991, p. 1; and *TASS*, September 13, 1991 (*FBIS-SOV-91-178*, p. 3).

[69] On critical cases, see Alexander George, "Case Studies and Theory Development: The Method of Structured, Focused Comparisons," in Paul Lauren, ed., *Diplomacy: New Approaches in History, Theory, and Policy* (New York: Free Press, 1979).

[70] See Arthur J. Klinghoffer, *The Angolan War: A Study in Soviet Foreign Policy in the Third World* (Boulder, Colo.: Westview Press, 1980); John Marcum, *The Angolan Revolution*, vol. 2, *Exile Politics and Guerrilla Warfare (1962–1976)* (Cambridge: MIT Press, 1978), 241–81.

[71] See James Barber and John Barratt, *South Africa's Foreign Policy: The Search for Status and Security, 1945–1988* (Cambridge: Cambridge University Press, 1990), 247–327.

[72] See Michael McFaul, "Rethinking the 'Reagan Doctrine' in Angola," *International Security* 14 (Winter 1989–90).

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stop, Namibia was to gain independence through UN-sponsored elections that SWAPO would win, and the MPLA would stay in power. In 1982 Washington had agreed to decouple the Cuban withdrawal from Angola and Namibian independence from the internal MPLA-UNITA struggle, and in 1989 it agreed to support Namibian independence and free elections, while applying tougher sanctions against South Africa. Not surprisingly, Moscow endorsed the idea of a mutual cutoff in arms supplies. The MPLA had the military advantage on the ground and was in a much better position to buy weapons on the world market. In December 1990 U.S. Secretary of State Baker met with Angolan Foreign Minister Pedro de Castro Van Dunem, while Soviet Foreign Minister Shevardnadze met with UNITA's leader Jonas Savimbi.[73] Moscow's symbolic recognition of UNITA was coupled with the MPLA's decision to allow multiple parties and free elections. As in Afghanistan, Moscow had agreed to a process of change but had also left its allies still active and in a strong competitive position.

Cambodia. Gorbachev's decision to seek a rapprochement with China, viewed from the prospective of old-fashioned cold war thinking, reversed the greatest American strategic achievement of the 1970s: it took the China card away from Washington. In the process Moscow put pressure on Vietnam to withdraw its troops from Cambodia, which Hanoi mostly did by September 1989. During the withdrawal Moscow agreed that the UN should mediate among the Cambodian groups. It also proposed the idea of a coalition government that would incorporate centrist Cambodians, but not the Khmer Rouge (KR), into the Hun Sen regime that Moscow had traditionally supported. In 1990 Moscow agreed to UN-supervised elections in which the KR could run. But as in Afghanistan the details of how to insure the freedom of these elections remained unclear; the role to be played by Hun Sen's security forces was left undefined as well.

Washington never accepted in the Cambodian case the simple dichotomy between "freedom fighters" and communist tyrants that had taken hold for Afghanistan. The Khmer Rouge simply had too much blood on its hands to garner the same sympathy among American politicians that the mujahideen and UNITA could. Consequently, once Vietnam withdrew and negotiations on settlement began, Washington was not interested in a Khmer military victory. As in Afghanistan (where Gulbiddin Hekmatyar had been transformed in American eyes from freedom fighter to ruthless Islamic fundamentalist as soon as he made a bid for exclusive

[73] *New York Times*, December 13, 1990, p. A5.

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power in the period following the Geneva Accords), so in Cambodia, American policy searched for a credible new centrist opposition leadership. Moscow remained committed to its original allies, who were militarily superior and gaining international acceptance. Soviet aid to Cambodia in 1989 was reported to have doubled from 1988, and Soviet economic aid to Vietnam also continued to grow, despite Soviet criticism of Hanoi's inefficiency.[74] Soviet military deliveries stayed at about $1 billion, although Soviet forces in Vietnam were reduced.[75]

On October 23, 1991, the U.S.-Soviet-UN-brokered Supreme National Council was agreed to, joining Cambodia's three main warring factions into a transitional administration.[76] The UN was given responsibility for monitoring elections, to be held in mid-1993, in which both Hun Sen and Khmer Rouge politicians could run. There were no guarantees in this process for Washington or Moscow. Before elections were held, there was to be a demobilization of rival armies and a repatriation of refugees under UN observation. On the same day that the Cambodian regime agreed to the Coalition Supreme National Council, Secretary of State Baker announced that the United States was prepared to begin talks with Vietnam regarding the normalization of relations.[77]

ARMS, ACTIONS, AND TERMS: WHAT IS NEW IN GORBACHEV'S CHANGED COURSE?

The empirical evidence reviewed here provides a mixed picture. Moscow did not abandon its traditional allies in regional conflicts, and it did not surrender its right to provide arms. At the same time its approach to regional conflicts changed. The pattern in Soviet behavior does not reveal a wave of isolationism and retreat into the fortress, nor does it suggest a hasty rush to disengage. The retrenchment that is evident appears to reflect a search for compromise. In strategic terms the new course looks as if Moscow was moving away from containment toward détente with rhetorical flirtations with pax superpowers.[78]

The move to détente is evident in three areas. The first relates to the direct use of Soviet force. Moscow had withdrawn its own troops from hot conflicts and had reduced its naval presence at sea. Evidently, there

[74] See Duncan and Ekedahl (fn. 32), 154–57.

[75] See Sally Stoecker, "Clients and Commitments: Soviet-Vietnamese Relations, 1978–1988," Rand Note N-2737-A (Santa Monica, Calif.: Rand, December 1989).

[76] *New York Times*, October 24, 1991, p. 1.

[77] Ibid., A7.

[78] See Viktor Kremenyuk, "Uregulirovanie Regional'nykh Konfliktov: Kontury Obshchego Podkhoda" (Teamwork with U.S. key to local conflicts), *SSHA: Ekonomika, Politika, Ideologiya* 8 (August 1990).

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was a recognition that Soviet forces could win militarily even as Moscow lost politically.[79] Soviet policy had not ignored the importance of leverage but had redefined how to acquire meaningful political influence in complicated regional settings.[80]

Second, Soviet policy began to abandon the self-serving, but ultimately misleading, cold war and imperialist stereotypes that had been used to define regional situations.[81] Ideological and geopolitical blinders led to simplistic perceptions of regional situations as crude dichotomies embedded in polemical East versus West categories.[82] This often led to serious mistakes, none more costly than Afghanistan.[83] The abandonment of old stereotypes eroded the perceived symbolic Soviet interests in regional conflicts and led to a new focus on the much less compelling intrinsic concerns at stake. It also freed Soviet decision makers to respond to the complexities and genuine motive forces at work in the area and to design regional political strategies that had some hope of success.[84]

Finally, Soviet policy recognized a larger range of acceptable outcomes in regional struggles. This was partly a function of the decline in simplistic bipolar thinking. Regional actors who were previously dismissed as American agents were accepted as possible participants in coalition governments. The emphasis on national reconciliation was not new; what was new was the willingness to endorse political procedures, like elections, that neither Moscow nor its allies could control. Gorbachev's

[79] For a discussion of this, see N. Topuridze's interview with Major General K. Tsagolov, "The Politicians Lost the War," *Argumenty i Fakty* 39 (September 30–October 6, 1989); and Galin Drobot, "Regional Conflicts: Their Sources and the Prospects for Bloc Uncoupling," *Nauchnyy Kommunizm* 2 (February 1990) (*JPRS-UIA-90-007*, pp. 14–19, 17).

[80] See E. Shevardnadze, "Interview: Persuasion through Truth," *Ogonek* 11 (March 14–17, 1990); and idem, "Consolidation of the CPSU under Multiparty Conditions," *Literaturnaya Gazeta*, April 18, 1990, pp. 1, 9 (*FBIS-SOV-90-081*, pp. 5–11). See also Georgiy Mirskiy, "Avtoritarizm i Vlast' Voyennykh v 'Tret'yem Mire' " (Authoritarianism and the power of the military in the "Third World") *Mirovaya Ekonomika i Mezhdunarodnyye Otnosheniya* 7 (July 1989).

[81] On imperial images, see Richard Cottam, *Foreign Policy Motivation: A General Theory and a Case Study* (Pittsburgh, Pa.: University of Pittsburgh Press, 1977), 62–70; and Herrmann (fn. 58).

[82] See Kolosov (fn. 58).

[83] On the rejection of cold war concepts applied to regional conflicts, see D. Volskiy, "We and the 'Third World' through the Prism of Modern Thinking," *Izvestiya*, December 22, 1988, p. 5 (*FBIS-SOV-88-247*, pp. 8–10); Nodari Simoniya, "Mnogoobraziye mira i Formatsionnoye Razvitiye Chelovechestva" (Diversity of the world and the formation of mankind), *Kommunist* 16 (November 1989); Mirskiy (fn. 41); and Kolosovskiy (fn. 42).

[84] For some of the most interesting contributions to the discussion, see Igor Y. Malashenko, "Interesy Strany: Mnimye i Real'nye" (The interests of the country: Imaginary and real), *Kommunist* 13 (September 1989); Sergey Y. Blagovolin, "Geopoliticheskiye Aspekty Oboronitel'noy Dostatochnosti" (Geopolitical aspects of defense sufficiency), *Kommunist* 4 (March 1990); G. Kunadze, "Dostatochnosti Voyennogo Potentsiala SSSR" (The defensive sufficiency of the USSR's military potential), *Mirovaya Ekonomika i Mezhdunarodnyye Otnosheniya* 10 (October 1989); and Drobot (fn. 79).

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policy aimed to achieve favorable terms of settlement rather than unequivocal victory. Consequently, the United Nations and regional organizations played a more prominent role in Soviet initiatives that pertain to conflicts in areas in which Moscow had recently exercised dominant influence. In cases where American power had traditionally prevailed, Moscow took a different tack. Rather than trying to eliminate American influence, it tried to work with Washington, in Afghanistan, Cambodia, and Angola. In sensitive situations like the Persian Gulf, Moscow endorsed the American military role it traditionally condemned, but it made this compromise in a new strategic context in which the United States accepted the Soviet Union as a legitimate participant.

III. Why the New Strategic Course?

The observation that Moscow recognized past failures and adjusted its tactical priorities is a commonplace. This study has tried to identify the nature of the change, but the more interesting theoretical question relates to how elites in Moscow understand their failures. What lessons have they drawn? There are four theoretical possibilities.[85]

1. They may conclude that they simply did not try hard enough and lacked willpower. They did not use force massively or quickly enough.
2. They may conclude that the USSR simply lacked the internal capability to prevail. The Soviet economy was too weak and Soviet foreign policy overextended.
3. They may conclude that international opposition, especially that mounted by the United States, was too much for them.
4. They may conclude that exaggerated perceptions of threat led to mistakes and unnecessary adventures in regional situations. There are better ways to protect Soviet interests.

These four causes are not mutually exclusive, and in different degrees they characterize most Soviet and American interpretations of change in Soviet policy. An American peace-through-strength perspective, for instance, looks to the second and third causes as the main explanations for change.[86] Conservative Russians or military Bolsheviks who still cling to

[85] See Fritz Heider, *The Psychology of Interpersonal Relations* (New York: John Wiley, 1958); and Edward Jones et al., eds., *Attribution: Perceiving the Causes of Behavior* (Morristown, N.J.: General Learning Press, 1971).

[86] Secretary of State Baker, for instance, argued that "while recognizing that Moscow's policies are informed by a new sense of realism, we should also understand that our policies have contributed to that sense of realism. Where we have not raised the costs of adventure or aggression, we see little evidence of change. "Testimony before the Senate Foreign Relations Committee," *New York Times*, January 18, 1989, p. 10. Fukuyama (fn. 21), 3–4, argues that when the United States accepts détente, Moscow exploits opportunities in the Third World. When Washington is more confrontational, Moscow is more cautious. See also Ste-

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a "correlations of forces" perspective ought to incline toward the first explanation.[87] More liberal Russian leaders and Americans who perceived the cold war in terms of a spiral model might emphasize the fourth interpretation. Of course the degrees of freedom and contextual variables that are involved with all four attributions militate against precise and confident academic conclusions, but some interpretive comments are in order.

First, we should not be surprised that Shevardnadze was attacked for having lost Eastern Europe.[88] Conservatives, who held to the old cold war understanding of U.S. intentions, were socialized on the Soviet version of peace through strength (i.e., the correlation of forces) and saw Shevardnadze's cooperation with the West as a sign of weakness. Appalled also by his willingness to defend Western interests in the Gulf, they questioned the wisdom of not deterring such large-scale American action. They did not believe that Gorbachev was bending to the realities of power; rather, they thought that he was making foolish choices and squandering Soviet credibility and influence. From their perspective Washington was prosecuting a "preventive war" to destroy Iraq's future capacity. Although the conservatives did not prevail, they succeeded in limiting Gorbachev's ability to participate with the United States in the effort against Iraq.

Second, Soviet advocates of new thinking complain that Soviet policy toward regional conflicts was very slow to change.[89] Moscow has continued to protect access to key naval and military points and has continued to pour increasingly scarce resources into select Third World regimes.[90] This Soviet perception stands in marked contrast to those American perceptions that confirm American expectations of peace through strength. The American strategy of containment, of course, was designed to force Soviet leaders to face their internal weaknesses and eventually change course. An attachment to a well-rehearsed cold war schema could incline Americans to see patterns in Soviet restraint and American strength that

phen Sestanovich, "Gorbachev's Foreign Policy: A Diplomacy of Decline," *Problems of Communism* (January–February 1988); and Wallander (fn. 22), 53.

[87] See William Wohlforth, "Bias and Learning in Soviet Perspectives on the Balance of Power: Metamorphoses of the Correlation-of-Forces Model" (Paper presented at the 12th annual meeting of the International Society of Political Psychology, Tel Aviv, Israel, June 18–23, 1989).

[88] See M. Aleksandrov, "World in Transition: German Unification and an All-German Home," *Literaturnaya Rossiya* 11 (March 16, 1990) (*JPRS-UIA-90-007*, pp. 3–6); and Marshal S. Akhromeyev, "Open Letter to V. A. Korotich," *Krasnaya Zvezda*, April 8, 1990, pp. 2, 4 (*FBIS-SOV-90-074*, pp. 70–75).

[89] See Kolosov (fn. 58).

[90] On the preservation of military assets, see Mark Katz, *Gorbachev's Military Policy in the Third World* (New York: Praeger, 1989).

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derive more from American expectations than from empirical evidence. The inclination to confirm hypotheses is strong and well documented in psychology, as is the inclination to take credit for having caused desired outcomes.[91] A cold war schema would exaggerate Soviet aggressiveness in periods of American self-doubt (e.g., the late 1970s) and underestimate Soviet staying power in periods of resurgent American self-confidence.

One important finding in this study is that when we control for the type of situation, Soviet behavior does not break down into neat periods of activism and passivity.[92] The character of Soviet responses to different strategic situations in the Near East did not change radically across the 1970s and 1980s. In important ways Soviet regional leverage in 1990 was greater than it had been in 1980. We should avoid any excessively simple characterization of Brezhnev's policies that exaggerates their recklessness or similarity with rollback policies; at the same time we should resist romantic temptations to see Gorbachev as rushing toward disengagement.

Another problem with the peace-through-strength argument is that it underestimates the degree of American compromise in the key cases. In the Gulf, for instance, Washington encouraged Soviet involvement after having denied Moscow any legitimate role for decades. In Afghanistan the U.S. shifted from an effort to overthrow Najib by force to a process of political settlement. In Angola, South Africa and the United States agreed to Namibian independence and South African withdrawal from Angola prior to the final Cuban exit.

Third, this study has concentrated on the external policy of the state and the situation at the regional level. These dimensions of recent Soviet diplomacy have received too little attention in studies that review Soviet literature on the Third World and in studies that concentrate on Soviet domestic constraints. Clearly the cost of Soviet commitments in the Third World is a subject of debate in Moscow.[93] Foreign aid there seems

[91] See Steven Sherman, Charles Judd, and Bernadette Park, "Social Cognition," *Annual Review of Psychology* 40 (1989); and Robert Jervis, *Perception and Misperception in International Politics* (Princeton: Princeton University Press, 1976), 344–49. See also Joshua Klayman and Young-Won Ha, "Confirmation, Disconfirmation, and Information in Hypothesis Testing," *Psychological Review* 94, no. 2 (1987).

[92] Golan (fn. 13), 24–25, argues that "not only has there been no significant change in the 1970s, but the changes within the 1970s were not entirely consistent. . . . [W]here the theory, the rhetoric, and the behavior coincide, beginning in the early 1980s, if not earlier, is their generally pragmatic, relatively cautious tactical approach to national liberation movements." Rubinstein (fn. 2), 49–51, makes a parallel point about continuity, although he differs with Golan on basic interpretative judgments.

[93] See Alexei Izyumov and Andrei Kortunov, "The Soviet Union in the Changing World," *International Affairs* (Moscow) 8 (August 1988); and Sergey Blagovolin, "Voyennaya Moshch': Skol'ko, Kakaya, Zachem?" (Military power: How much, what kind, and for what?), *Mirovaya Ekonomika i Mezhdunarodnyye Otnosheniya* 8 (August 1989).

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to be as unpopular as it is in Washington.[94] There is no doubt that foreign policy in general is a lesser priority in Moscow than is domestic reform, which is paramount. This did not, however, lead to a Soviet retreat from the Third World.

The most damaging evidence against the internal weakness interpretation is that its predicted change in Soviet behavior in regional conflicts largely did not occur. For example, a comparison of Soviet arms deliveries to Afghanistan between 1982 and 1985 with its deliveries between 1986 and 1989 shows a 262 percent increase.[95] Deliveries to India went up 90 percent across the same two periods of time, deliveries to Angola mounted by 31 percent, and to Vietnam by 11 percent. At the same time Soviet deliveries to Iraq dropped by 35 percent and to Libya by almost 62 percent. The two latter countries had been among Moscow's best cash customers, however, and the decline reflects the drop in local demand. It is therefore a loss for Soviet revenues, not a savings for the Soviet economy. Deliveries to Syria, which dropped 44 percent, conform to a cost-saving argument; this may signal the future trend but does not override the general picture. New demands and new perceived needs surely define the Gorbachev era, but the domestic reforms that are necessary to achieve intensive economic development, the satisfaction of ethnic national demands, and greater popular control over government are only "necessary" as long as these new values and leaders who promote them prevail.[96] Understanding this derivative nature of what is necessary must qualify interpretations that hinge on internal weakness.[97]

Fourth, the evidence in regional conflicts suggests that a diminished perception of threat is a fundamental cause of Soviet new thinking.[98] It is not logically possible to prove that this is *the* critical cause, but it deserves as much attention as the other three discussed here. Shevardnadze turned to the cause of change in foreign policy in his October 23, 1989, address to the Supreme Soviet. He said:

> In the fifties and sixties there were different realities and different ideas about the external threat. There was no sense of firm national security,

[94] See "Interview with Georgiy Arbatov," *VEK XX I MIR* 12 (December 1989) (*JPRS-UIA-90-007*, pp. 11–14).

[95] See Richard Grimmett, *Trends in Conventional Arms Transfers to the Third World by Major Supplier, 1982–1989* (Washington, D.C.: Congressional Research Service, June 19, 1990), 60.

[96] See Stephen Meyer, "The Source and Prospects of Gorbachev's New Political Thinking," *International Security* 13 (Fall 1988).

[97] See Dina Spechler and Martin Spechler, "The Economic Burden of the Soviet Empire: Estimates and Re-estimates," in Rajan Menon and Daniel Nelson, eds., *Limits to Soviet Power* (Lexington, Mass.: Lexington Books, 1989), 43–44.

[98] See references in fn. 84.

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> and the threat of war was seen as immediate and even inevitable reality. . . . It was necessary to acquire confidence and to eschew, if you will, our weakness complex so as to assess the situation objectively in a balanced way.[99]

Glasnost opened the way for a fundamental reassessment of Soviet interests. The debate over national interests included an important element of isolationist and "Russia first" impulses. To describe these new strategic judgments as retrenchment and abandonment of expansionist ambitions in the face of overextension, however, would be too simple. The Soviet discussion was about Soviet security, not Soviet expansion. New thinkers criticized the overly broad definition of what is vital to Soviet security. They sharply criticized cold war competition with Washington, on the grounds that past Soviet leaders exaggerated threats, misread bipolar concerns into regional conflicts, and responded with military tactics that made poor political sense.

Structuralists will complain that changing perceptions constitute an epiphenomenon driven by deeper objective structural factors; perceptual change, that is, cannot be a fundamental cause. It only begs the question of why new views emerged. Perhaps it is the drive for intensive economic development, as Jack Snyder proposes.[100] Or perhaps it is because of the personalities of the leadership. Or maybe it is just wishful thinking on the part of people who face serious domestic challenges and have to invent a foreign policy picture that allows them to pursue internal power.[101] This is not the place to argue the merits and demerits of intellectual regression in the levels of causation. Nor is it the forum in which to defend a conception of human agents in social affairs. It does seem appropriate, however, to question whether Soviet new thinking is so divorced from geopolitical reality as to require complicated theories about motivated biases and misperceptions. If new thinkers did not see great external threat, perhaps the best explanation for this is that great external threats did not exist. And if such threats from the West did exist, the best way to defuse them was with repeated disengagement initiatives. Perhaps it is the old Soviet images and distortions that require complex sociological and psychological explanations.

To describe Soviet new thinkers as "threat deflators" implies that past Soviet policy was motivated in important ways by perceived threats. This

[99] Shevardnadze, "Foreign Policy and Perestroyka," *Pravda*, October 24, 1989, pp. 2–4 (*FBIS-SOV-89-204*, pp. 42–54, quote at 45).

[100] Snyder, "The Gorbachev Revolution: A Waning of Soviet Expansionism?" *International Security* 12 (Winter 1987–88).

[101] On wishful thinking, see Richard Ned Lebow, *Between Peace and War: The Nature of International Crises* (Baltimore: Johns Hopkins University Press, 1981).

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runs counter to many American interpretations that stressed expansionist impulses. Soviet descriptions of threat were assumed to be mostly propaganda, designed to legitimate foreign hegemony and justify internal authoritarianism. Only a few years ago some of the leaders in perestroika, such as Alexander Yakovlev, were among the most vociferous critics of Washington.[102] If they simply put aside a myth they never really believed in, then we ought to exercise caution in attributing too much causal strength to the perceptual explanation. As with the other explanations, the important aspects of continuity in Soviet policy also weigh against exaggerating the potency of this cause. At the same time the nature of the behavioral changes that occurred, mostly in the terms of settlement, are consistent with a genuine decline in perceived threat. So is the continuing Soviet military emphasis on the more malevolent aspects of the international environment.[103] Surely this military focus serves obvious vested bureaucratic interests, but it may also indicate that perceived threats were genuinely felt and not merely manipulated.

IV. Containment to Détente: Superpower Focus on Settlement over Competition

If Soviet leaders learned that the cold war was based on exaggerated perceived threat, then they are also likely to have learned that Third World assets were unnecessary and of declining importance. Their value was always derivative of their place in the bipolar struggle. Thus, even if the cost of sustaining control in these cases was constant, Soviet policy would be inclined to change. Moscow may not retreat in the face of American pressure but would be predisposed to seek mutual disengagement.

After decades of competitive escalation in regional conflicts, the superpowers returned to the multilateral and negotiated outcomes that regional experts argued for at the outset. We can only wonder if the countless lives lost in the meantime were necessary casualties or tragic

[102] See Aleksandr Yakovlev, " 'Rakovaya Opukhol' Imperskikh Ambitsiy v Yadernyy Vek" (The cancerous tumor of imperial ambitions in the nuclear age), *Mirovaya Ekonomika i Mezhdunarodnyye Otnosheniya* 1 (1984); and idem, "Opasnaya os ' Amerikano-Eapadogermanskogo Militarizma" (The dangerous axis of American-West German militarism), *SSHA: Ekonomika, Politika, Ideologiya* 7 (1985).

[103] See R. Hyland Phillips and Jeffrey Sands, "Reasonable Sufficiency and Soviet Conventional Defense: A Research Note," *International Security* 13 (Fall 1988). See also Marshal S. F. Akhromeyev, "Second Open Letter to V. A. Korotich, Chief Editor of the Magazine *Ogonek*," *Krasnaya Zvezda*, April 8, 1990, pp. 2, 4 (*FBIS-SOV-90-074*, pp. 70–75); and idem, "Who Is Bending the Truth?" *Sovetskaya Rossiya*, May 12, 1990, pp. 5–6 (*FBIS-SOV-90-095*, pp. 2–6).

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sacrifices to cold war illusions and pretensions of unilateral victory. The superpowers may not have been able to contain indigenously rooted regional conflicts in any case, but their strategies for settlement, which focused on the exclusion of the Great Power adversary and local victory for regional clients, only postponed mediation and compromise.

The deterrence model of peace through strength was extended to the Third World by both superpowers. In the early 1970s each side claimed victory. The other, so the parallel arguments went, overextended itself to the limit and was compelled to pursue détente. Not surprisingly détente failed, as each side moved to reinforce the military assets and political alliances that constituted their containment strategies and that they assumed were responsible for détente in the first place. Perhaps the most important lesson in the research presented here is that whatever success we have seen in moving toward regional settlement in the détente of the 1990s came from mutual compromise and engagement more than from exclusion and strength.

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Review Article

INTERNATIONAL THEORIES OF COOPERATION AMONG NATIONS

Strengths and Weaknesses

By HELEN MILNER*

Joseph Grieco. *Cooperation among Nations*. Ithaca, N.Y.: Cornell University Press, 1990, 255 pp.

Peter Haas. *Saving the Mediterranean*. New York: Columbia University Press, 1990, 303 pp.

COOPERATION among nations has become the focus of a wide range of studies in the past decade, a subject of interest to political scientists, economists, and diplomats.[1] This academic effort has been sparked in part by the increasingly visible attempts of states since the early 1970s to organize cooperation in economic and security affairs. Activities to achieve cooperative outcomes have probably been more prominent in this period than at any other time since the end of World War II. Then, as today, cooperation has proved to be as elusive to realize as to analyze.

* I would like to thank David Baldwin, Robert Jervis, and Robert Keohane for their helpful comments.

[1] See, e.g., Stephen Krasner, ed., *International Regimes* (Ithaca, N.Y.: Cornell University Press, 1983); Robert Keohane, *After Hegemony* (Princeton: Princeton University Press, 1984); Robert Axelrod, *The Evolution of Cooperation* (New York: Basic Books, 1984); Robert Putnam and Nicholas Bayne, *Hanging Together*, 2d ed. (Cambridge: Harvard University Press, 1987); Yoichi Funabashi, *Managing the Dollar*, 2d ed. (Washington, D.C.: Institute for International Economics, 1989); Martin Feldstein, *International Economic Cooperation* (Chicago: University of Chicago Press, 1988); Charles Lipson, "International Cooperation in Economic and Security Affairs," *World Politics* 37 (October 1984); Robert Jervis, "Cooperation under the Security Dilemma," *World Politics* 30 (January 1978); Duncan Snidal, "Cooperation versus Prisoners' Dilemma," *American Political Science Review* 79 (December 1985); idem, "The Limits of Hegemonic Stability Theory," *International Organization* 34 (Autumn 1985); Jeffrey Frankel and Katherine Rockett, "International Macroeconomic Policy Coordination When Policy-Makers Do Not Agree on the Model," *American Economic Review* 78 (June 1988); William Buiter and Richard Marston, *International Economic Coordination* (Cambridge: Cambridge University Press, 1985); Michael Taylor, *The Possibility of Cooperation* (Cambridge: Cambridge University Press, 1987); Harrison Wagner, "The Theory of Games and the Problem of International Cooperation," *American Political Science Review* 70 (June 1983); John Conybeare, *Trade Wars* (New York: Columbia University Press, 1987); Oran Young, *International Cooperation* (Ithaca, N.Y.: Cornell University Press, 1989).

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During the past decade much of the international relations literature about cooperation has adopted a distinct approach, which has tended to focus on the systemic level of analysis, that is, on the sources of and constraints on cooperative behavior among states as a function of the international system. This tendency has been part of the recent general emphasis on systemic factors in international relations. Much of this literature has also used game theory as its central tool of analysis. Indeed, prisoners' dilemma (PD) has proliferated as *the* key metaphor of international politics. While not all of the literature has adopted these methods, much of it has been systemic and game-theoretic. This review argues that these methodological choices have contributed to both the greatest strengths and the most glaring weaknesses of the literature in explaining cooperation among nations.

The recent literature on international cooperation has made two general contributions. First, there is now a consensus on a definition of cooperation, which can help distinguish what behavior counts as cooperation. Knowing what we mean by cooperation is certainly an important first step. Second, the literature has developed propositions about the conditions under which cooperation is likely to emerge, by using game theory to model relations at the systemic level. In relying on only a few assumptions, scholars have attempted to combine parsimony with explanatory power. The next section examines the strengths of the current literature; and the one following that considers how the same methodological approaches that give the literature its explanatory vigor also account for its greatest weaknesses.

The Strengths: A Definition and Some Hypotheses

A notable feature of the recent literature on international cooperation is the acceptance of a common definition of the phenomenon.[2] Following Robert Keohane, a number of scholars have defined cooperation as occurring "when actors adjust their behavior to the actual or anticipated preferences of others, through a process of policy coordination."[3] Policy coordination, in turn, implies that the policies of each state have been adjusted to reduce their negative consequences for the other states.

This conception of cooperation consists of two important elements.[4]

[2] See Keohane (fn. 1); Kenneth A. Oye, ed., *Cooperation under Anarchy* (Princeton: Princeton University Press, 1986); Putnam and Bayne (fn. 1); as well as Grieco and Haas.

[3] Keohane (fn. 1), 51–52. This definition comes from Charles Lindblom, *The Intelligence of Democracy* (New York: Free Press, 1965), 227.

[4] Social psychologists and sociologists use a similar definition of cooperation. See Morton Deutsch, "A Theory of Cooperation and Conflict," *Human Relations* 2 (1949); Talcott Par-

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First, it assumes that each actor's behavior is directed toward some goal(s). It need not be the same goal for all the actors involved, but it does assume rational behavior on their part. Second, the definition implies that cooperation provides the actors with gains or rewards. The gains need not be the same in magnitude or kind for each state, but they are mutual. Each actor helps the others to realize their goals by adjusting its policies in the anticipation of its *own* reward. Each actor is not necessarily out to help the other, though; it is the anticipation of bettering one's own situation that leads to the adjustment in one's policies.

Defining what is not cooperation is also important. Cooperation is usually opposed to competition or conflict, which implies goal-seeking behavior that strives to reduce the gains available to others or to impede their want-satisfaction. But there are other alternatives to cooperation as well. Unilateral behavior, in which actors do not take account of the effects of their actions on others, and also inactivity are alternatives to cooperation. Although such behaviors may not attempt to lower the gains of others, they can be considered uncooperative if they do not reduce the negative consequences for others of each party's policies. What counts as cooperation thus depends on the two elements mentioned above: goal-directed behavior that entails mutual policy adjustments so that all sides end up better off than they would otherwise be.

One function of a definition is to enable us to classify different acts as being an instance of the concept at hand. Having a widely accepted definition of international cooperation should make it easier to agree on which acts count as cooperation and which do not. Keohane, Kenneth Oye's *Cooperation under Anarchy* volume, Joseph Grieco, and Peter Haas all employ the same definition. They should therefore be able to agree on what is cooperative behavior and what is not. Indeed, this seems to be the case. Their disagreements are not about what constitutes cooperation; they are about what causes it. This, however, may be fortuitous, since the empirical classification of events as cooperative can be very difficult. Establishing the counterfactual may pose great problems: without some process of policy coordination, would the states have behaved differently? The strategic misrepresentation of preferences may add to this problem. Determining the beginning and end of an attempt at cooperation can also be problematic. Finally, it may not be easy to demonstrate that each side adjusted its policies in the expectation of gains. Arriving

sons, *The Social System* (Glencoe, Ill.: Free Press, 1951); George Homans, *Social Behavior* (New York: Harcourt, Brace, Jovanovich, 1961); Gerald Marwell and David Schmitt, *Cooperation* (New York: Academic Press, 1975).

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at a common definition of cooperation is an important first step, then, but it does not alleviate the empirical difficulties in using the concept.

Cooperation can be achieved in a number of ways.[5] It can be *tacit* and occur without communication or explicit agreement. The metaphor of iterated prisoners' dilemma captures this type of situation, as Axelrod shows in *The Evolution of Cooperation*. Explicit agreement is not necessary; rather, cooperative behavior emerges as the expectations of the actors converge.[6]

Cooperation can also be *negotiated* in an explicit bargaining process. This appears to be the most common type of cooperation examined by the recent international relations literature. Keohane, in *After Hegemony*, and Oye's *Cooperation under Anarchy* examine processes of conscious, negotiated policy coordination. Grieco focuses on negotiations surrounding the distribution of gains among states and seeks to explain the different levels of cooperation achieved on various nontariff barrier (NTB) codes in the Tokyo Round of the GATT trade negotiations. Haas explores the negotiation and performance of the Mediterranean Action Plan to reduce pollution in the Mediterranean. He looks to explain cooperation by examining the impact of ideas and learning promoted by a cohesive scientific community. Explicit cooperation, as in these cases, is easier to identify than is tacit cooperation, since in the latter the counterfactual is especially difficult to establish.

Finally, cooperation can be *imposed*. The stronger party in a relationship can force the other side to alter its policies. If the stronger party also adjusts its own policies and attempts to realize mutual gains, cooperation has occurred. Some versions of hegemonic stability theory explain cooperation in these terms. Joanne Gowa notes that a hegemon can serve as the functional equivalent of a common authority in international politics and thus can promote cooperation.

> As is true of citizens in dominant societies with well-established political regimes, states operating within a subsystem established by a dominant state are either empowered or constrained to cooperate: would-be cooperators can elect to cooperate secure in the knowledge that the dominant power will prevent their exploitation; would-be defectors are deterred by the expectation that the dominant power will sanction defection.[7]

[5] The three forms used here were suggested by the discussion of regimes in Young (fn. 1), 87–96.

[6] See Thomas Schelling, *Strategy of Conflict* (Cambridge: Harvard University Press, 1960), for a discussion of focal points; see also the work on tacit signaling among firms, e.g., Michael Spence, *Market Signaling* (Cambridge: Harvard University Press, 1974).

[7] Gowa, "Anarchy, Egoism, and Third Images: *The Evolution of Cooperation* and International Relations," *International Organization* 40 (Winter 1986), 174.

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The notion of cooperation imposed by a stronger player may seem anomalous, but as long as mutual policy coordination to realize joint gains occurs, then it is cooperation by our definition. The joint gains in such a situation need not be equal, however. Indeed, the more asymmetric the power relationship, the more unequal the distribution of gains is likely to be. But it does *not* follow that the asymmetries of gains will always favor the stronger state; and, as will be discussed later, the opposite may well be true more of the time. In any case, the definition of cooperation itself says nothing about how the mutual gains from cooperation will be distributed. The conditions that facilitate cooperation, though, may.

Although a commonly accepted definition of cooperation seems to exist in the literature, this has not eliminated the problems of identifying events as cooperative or not. It has, however, reduced argument over the concept and allowed hypotheses about cooperation to be developed. A second supposed contribution of the recent international relations literature has been the development of hypotheses about the conditions under which cooperation is likely to occur. While these hypotheses do not constitute a theory of cooperation, they do suggest a series of variables that might affect the likelihood of the emergence of cooperation among nations. At least six different hypotheses can be culled from the literature. Each of these has problems and remains tentative.

Absolute Gains, Relative Gains, and Reciprocity Hypotheses

A central proposition in the literature is that states cooperate in order to realize absolute gains. Following economic reasoning, it is posited that states act rationally to increase the net benefits they receive. For instance, in *The Evolution of Cooperation*, Axelrod assumes that states seek to maximize their utility. This is why cooperating in the PD situation is their preferred strategy. But in an anarchic world maximizing absolute gains in the PD is best achieved by following a strategy of reciprocity. Due to cheating and the inability to sanction it, the optimal way to achieve absolute gains is by using a Tit-for-Tat (T-f-T) approach to induce mutual cooperation.

Axelrod, Keohane, and some authors in the *Cooperation under Anarchy* volume argue that cooperative behavior may be more likely when states pursue a strategy of reciprocity, because they know they will be punished for defecting and rewarded for cooperating. For game theorists, the key elements associated with reciprocity are sanctioning and iteration. Cooperation (in the PD) is possible when defections can be punished, and this is possible only when the game is repeated. Cooperation arises tacitly; it evolves over time as the actors' expectations converge. In more

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complicated (and realistic) social interactions, the notion of reciprocity is less straightforward. In these instances, as Keohane points out, its central elements are contingency and equivalence.[8] Reciprocity involves the exchange of roughly equivalent values of both goods and bads. Lack of equivalence is likely to lead actors to misunderstand the strategy and tends to produce escalating feuds rather than cooperation. What constitutes rough equivalence is a difficult issue.

The core argument of Grieco's book challenges the absolute gains assumption. Grieco argues that states also pursue relative gains, always seeking to compare their absolute gains with those of other states. Relative gains are not their only concern; absolute gains do matter. But, in this setting, cooperation, he suggests, is much more difficult even when all sides can achieve absolute gains, because no state wants to realize fewer absolute gains than any other. Concern for relative gains is thus likely to impede cooperation. Grieco's argument is supported in part by work done by Duncan Snidal, who shows that cooperation becomes more difficult as relative gains concerns increase, thereby transforming situations into and exacerbating PD.[9]

This argument leads to Grieco's central proposition about cooperation. While his book is mostly about why cooperation should never occur, he does identify one condition that promotes it: the achievement of a balanced distribution of gains.

> Faced with both potential problems—cheating and gaps in gains—states seek to ensure that partners comply with their promises and that their collaborative arrangements produce "balanced" or "equitable" achievement of gains. According to realists, states define balance and equity as a distribution of gains that roughly maintains pre-cooperation balances of capabilities. To attain this . . . states offer their partners "concessions"; in exchange, they expect to receive approximately equal "compensations" . . . "no nation will concede political advantages to another nation without the expectation, which may or may not be well-founded, of receiving proportionate advantages in return." (p. 47)

Grieco's notion of balanced exchange sounds remarkably like Axelrod's notion of Tit-for-Tat or Keohane's conception of reciprocity. Indeed, the pursuit of absolute gains combined with reciprocity may be equivalent to the assumption that states focus on relative gains. To say, as reciprocity implies, that the absolute gains received for cooperating must be roughly equivalent is to say, in effect, that states must achieve no relative gains in

[8] Keohane, "Reciprocity in International Relations," *International Organization* 40 (Winter 1986), 5.

[9] Snidal, "Relative Gains and the Pattern of International Cooperation," *American Political Science Review* 85 (September 1991).

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the exchange. Balanced exchange, then, is central to explaining cooperation for those assuming either absolute gains or relative gains motivations. The issue is really what leads to this desire for balance, or equivalence—that is, fear of cheating or fear of strengthening the other. As we shall explore later, these two motivations may not be that distinct either.

Grieco's cases seem to support his proposition: in the issue-areas where a balanced exchange of gains could not be found, collaborative agreement was not possible (chap. 7).[10] The failure to find a reciprocal agreement—that is, one in which "specified partners exchange items of equivalent value in a strictly delimited sequence," to use Keohane's words[11]—led to the breakdown of cooperation, a finding in line with important research in social psychology and with Axelrod's central argument.[12] Again, relative gains concerns may not differ empirically from absolute gains pursuits when combined with reciprocity.

Two related points are raised by this discussion. First, what is balanced, or reciprocal, exchange? Second, when is balanced, or reciprocal, exchange possible? What *balanced* or *equivalent* means for the different authors is unclear. It could mean that gains are distributed equally to all players or that they are distributed proportionally to some value, such as the players' prior power positions or their costs or investments in the issue. In the first case, equal absolute gains imply no relative changes if and only if the states are equivalent in all aspects. In the latter case, proportional absolute gains imply no relative changes. This latter case seems to be closest to the notion of reciprocity as commonly used.

Axelrod, for example, assumes in his game model that exchange is balanced, the payoffs to the players being symmetric.[13] This is a strong assumption, which does not take us far if the key issue is when balanced exchange can be achieved. Grieco's main criticism of Axelrod (and of others) is that he neglects how the net benefits of collaboration are distributed among the players. But Grieco's own discussion does not advance us far either. He posits that any agreement that produces benefits can be made roughly balanced if side-payments are possible (and states can agree on what equivalent or balanced means):[14] "The provision of

[10] Also: "Disputes and strains in international institutions, and indeed the outright collapse of international arrangements, may be rooted in their failure to bring about a balanced sharing among partners of the gains and costs arising from joint action" (Grieco, 48).

[11] Keohane (fn. 8), 4.

[12] Studies in social psychology have also advanced this hypothesis. See, e.g., John Dutton and Richard Walton, "Interdepartmental Conflict and Cooperation," *Human Organization* 25 (1966), 217; and Marwell and Schmitt (fn. 4), 53–55.

[13] Axelrod (fn. 1), 30–31; for an argument against the idea that symmetry of the payoffs matters for the outcome, see p. 17.

[14] The issue of what states and their decision makers perceive as being "balanced" or

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side-payments appears to be at the core of cooperative endeavors both within and among states" (p. 231). But he has little to say about when and how side-payments are made. In contrast, Haas shows repeatedly how side-payments were used to induce cooperation. Issues were linked, or even created, to be able to provide states with benefits from other issue-areas: "Tradeoffs between the Med Plan components allowed for side-payments leading to continued cooperation" (p. 184).[15] Using side-payments to equalize the benefits of cooperation for all the players may then be an important step in arriving at a "balanced" agreement. The question of what constitutes a balanced agreement is critical to identifying the primary motivator of states' behavior: pursuit of absolute gains or pursuit of relative gains. The issue of what circumstances enable balanced exchange and side-payments to be reached is also important and understudied.

Number of Actors Hypothesis

A second hypothesis advanced by the recent literature deals with the number of states involved in the issue. The hypothesis is that "the prospects for cooperation diminish as the number of players increases."[16] In the *Cooperation under Anarchy* volume, the problem with large numbers is related to the defection problem; it is posited that large numbers increase the probability of defection and reduce the feasibility of sanctioning defectors. They create serious collective action problems for states. This argument seems to suggest that two is the ideal number of players, though the point is never explicitly stated. Indeed, the extensive use of two-person games reinforces this impression.

Is it necessarily the case, though, that the fewer the actors the better the prospects for cooperation? Several strands of argument challenge this claim. First, if one is concerned about more than just cheating, such as whether a balanced agreement can be struck, a larger number of players may be better, since it provides more opportunities for exchanges and side-payments. Grieco argues that "the state will prefer more partners, for larger numbers would enhance the likelihood that relative gains advantaging . . . better-positioned partners could be offset by more favorable sharings arising from interactions with weaker partners" (p. 228).

"equitable" is also important and understudied. See Robert Jervis, "Rational Deterrence: Theory and Evidence," *World Politics* 41 (January 1989); and Deborah Larson, "The Psychology of Reciprocity in International Relations," *Negotiation Journal* 4, no. 3 (1988).

[15] See Haas (pp. 78–79, 182–84) for examples. Haas does not believe, however, that side-payments were the key to cooperation (see p. 188).

[16] Oye (fn. 2), 18. It is unclear exactly which actors one is supposed to count: all potential cooperators, only those who negotiate, or only those who agree to cooperate in the end.

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Up to some point, then, more players may not necessarily hinder cooperation.

Second, the number of actors may not be a structural condition but rather may be a strategic one that can be manipulated by the actors themselves. In such cases, situations involving large numbers can be broken down into situations involving smaller numbers. As Lipson shows in his article in *Cooperation under Anarchy*, due to the asymmetries in the size of the various actors and in their influence, the many creditor banks were able to coordinate their actions by splitting the negotiations over rescheduling into parts; they thus reduced the number of creditors negotiating with the debtors. There are, as well, other means to reduce the problems stemming from large numbers.[17]

Third, as recent work in game theory shows, the possibility of cooperation in a relative gains environment can be enhanced by increasing the number of players. Snidal argues that it is probably more dangerous to suffer a loss in a world with fewer actors than in one with more players, since "more actors enhance the possibilities of protecting oneself through forming coalitions and, generally, the less well united one's enemies, the safer one is."[18] Concerns over relative losses can be attenuated in a multilateral setting. These three points suggest that the relationship between the number of actors and cooperation may be quite complex. The logic linking the two is still not well understood and has not been examined much empirically.

Iteration Hypothesis

A third hypothesis explaining cooperation focuses on the players' expectations about the future. Their willingness to cooperate is influenced by whether they believe they will continue to interact indefinitely. Many have shown that adding repeated play (iteration) to the PD game makes the cooperative outcome more likely,[19] as, over time, the value of continued cooperation comes to outweigh the benefits of defection at any one time. This depends, of course, on the rate at which the players discount anticipated gains: the more heavily the future is discounted, the less likely is cooperation.[20] While some game-theoretic models and experi-

[17] The principal supplier rule in GATT negotiations is an example.

[18] Snidal (fn. 9), 716.

[19] Iteration in different games has different effects. In a game of Chicken, it may not promote cooperation.

[20] Axelrod (fn. 1) and Snidal (fn. 9) show through simulation how increasing discount rates makes the PD game more conflictual and cooperation less likely.

Robert Telser has shown (1) that even without reciprocity an agreement can be self-enforcing—that is, no outside party is needed to enforce it—"as long as each party believes himself to be better off by continuing the agreement than he would be by ending it" and (2)

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ments in social psychology have examined the impact of different discount rates on cooperation, there is little theorizing about what conditions generate enough iteration or a low enough discount rate to induce cooperative behavior. Absent some theory about these two conditions, it is all too easy to explain any instance of cooperation or defection by simply asserting that some change in these variables has occurred. As in the *Cooperation under Anarchy* volume, this problem can be exacerbated when authors vacillate between seeing these as structural variables (i.e., inherent in the situation) or more manipulable ones. Like the number of players, the degree of iteration and the rate of discount may be alterable by the actors and may depend on the perceptions and expectations of decision makers. Subjective evaluations, that is, may be very important. These kinds of issues make empirically evaluating the hypothesis about the effects of iteration rather challenging.

International Regimes Hypothesis

A fourth hypothesis advanced to explain cooperation centers on the role of international regimes, which are defined as sets of norms, principles, rules, or decision-making procedures around which actors' expectations converge. Regimes, it is contended, facilitate cooperation through the functions they perform for states. They mitigate the effects of international anarchy for states by aiding in the decentralized enforcement of agreements. Again, the focus is primarily on the role of regimes in solving the defection problem. Regimes are seen as improving each side's information about the behavior of the others—especially about the likelihood of their cheating and actual compliance. They are also thought to change the pattern of transaction costs of cooperating by reducing "incentives to violate regime principles."[21] Thus, regimes reduce states' uncertainty and hence their fears that others will defect and in turn their own propensity to do so. In the *Cooperation under Anarchy* volume Jervis's discussion of the concert system and Lipson's chapter on the long-term relationships among banks show how regimes may work to promote cooperation.

Others have noted, however, that the very existence of a regime indicates a prior series of decisions by states to cooperate. Indeed, as Grieco argues, the focus on defection misses this fundamental fact of an earlier bargain to cooperate and the distributional politics surrounding it. The

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that this occurs when two conditions are met: the sequence of interactions has no final element and the future discount rate is low enough. See Telser, "A Theory of Self-Enforcing Agreements," *Journal of Business* 53, no. 1 (1980), 27.

[21] Keohane (fn. 1), 90.

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regime literature has also been attacked for its inattention to power issues. The distribution of power internationally is seen as underlying regimes and as being responsible for changes in them. A recent critic states:

> For a very large class of global issues, . . . power needs to be given pride of place. . . . Neoliberal speculations about the positive consequences of greater information are fascinating (even if empirical demonstrations of such benefits are scarce). But they obscure considerations of relative power capabilities, which draw attention to how the payoff matrix was structured in the first place, how the available options are constrained, who can play the game, and, ultimately, who wins and who loses.[22]

Given their concerns about relative position, states are likely to disagree about the amount of information they will release to others and about the principles that define the regime. The latter principles determine how the regime imposes costs and benefits on different actions. Thus, the provision of information and the structure of transaction costs are highly political issues.

This said, it is noteworthy that even the critics of the regime hypothesis agree with its central points. Grieco critiques Keohane's arguments about regimes by examining international trade negotiations conducted *within* the existing trade regime, the GATT. He details disagreements over trade rules regarding the provision of information. Clearly, states see provision of information as a key political issue, but it is also apparent that regimes can provide much information and this can be influential, as the fears of some states reveal. For instance, in considering the unwillingness of the EC to cooperate within GATT, Grieco explains that "as a result of the rules all would enjoy some level of absolute gains in terms of increased information about one another's subsidies, but non–European Community states would receive greater information about European Community programs than the reverse" (pp. 218–19). Again, a balanced exchange of information is critical because reciprocity enhances the likelihood of cooperation. In his conclusion Grieco echoes Keohane, showing how the informational functions of the GATT promote cooperation. Through "periodic reviews and safeguard clauses" in the GATT, "states can seek redress to problems connected with the balance of rights and obligations of membership," such a balance being necessary for cooperative agreement. The GATT also provides for "periodic reviews and renegotiation efforts," which serve as "voice alternatives . . . [making

[22] Stephen D. Krasner, "Global Communications and National Power: Life on the Pareto Frontier," *World Politics* 43 (April 1991), 366.

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states] more willing to join such arrangements in the first place and, if problems do arise, to remain loyal to them" (p. 234).

Haas, while hardly mentioning regimes, notes repeatedly the importance of the provision of information by other international organizations in the establishment of the Med Plan and later by the Med Plan itself. Initially, members of the UN (the UN Environmental Program [UNEP]) provided information that fostered cooperation: "By publicizing the problem of marine pollution UNEP helped persuade Mediterranean governments of the importance of accepting the new goal of environmental protection, and even making nominal economic sacrifices to accomplish it" (p. 167). Later, the Med Plan developed its own information functions: "States did come to appreciate the value of information and diplomatic channels established by the Med Plan, and cooperated in areas in which such benefits were made available" (p. 183).[23] The role played by the information-provision function of regimes in fostering cooperation thus seems to be affirmed even by critics of the argument.

In addition, there is empirical evidence that regimes can reduce transaction costs for states negotiating collaborative agreements. Grieco, for example, focuses on the EC as a major international actor in the GATT negotiations. Indeed, it is surprising to find a "realist" taking the position that an international organization like the EC can be an actor comparable to nation-states like the U.S. and Japan, but clearly that is Grieco's view. The existence of the EC lowered transaction costs by reducing the number of actors involved. Haas notes similarly that the "Med Plan also served to reduce transaction costs between governments [by] holding annual intergovernmental meetings and more frequent expert meetings" (pp. 184–85).

The notion that regimes facilitate cooperation is lent some credence by the books under review. But can the regime hypothesis tell us anything about the tacit or explicit bargaining that occurs when cooperation is initiated? If the cooperative agreement is made prior to the establishment of the regime, then it cannot help. If, however, an established regime in one issue-area aids in the negotiation of cooperation in another, then the regime hypothesis may have broader significance. And if balanced or reciprocal agreements are the key to successful cooperation, then the functions of regimes that promote such balance may be important. Keohane suggests one such function:

[23] Haas claims later that this information-provision function was superseded as the primary function of the Med Plan regime (p. 185).

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> The nesting pattern of international regimes affects transaction costs by making it easier or more difficult to link particular issues and to arrange side-payments, giving someone something on one issue in return for help on another. Clustering of issues under a regime facilitates side-payments among these issues: more potential *quids* are available for the *quo*. Without international regimes linking clusters of issues to one another side-payments and linkages would be difficult to arrange in world politics.[24]

Regimes then may promote the negotiation of balanced agreements, and hence cooperation, in new areas through the issue linkage and side-payments they make available. This type of facilitation is evident in Haas's study. The UN, through its UNEP, made side-payments to states that would have to pay high costs in the Med Plan to get them to agree to start the regime. Through "its principle of geographic distribution" of rewards, the UNEP helped states find a balanced agreement as the basis for the Med Plan (p. 79). Regimes in one issue-area may thus promote cooperation elsewhere by allowing states to link issues in their search for a balanced distribution of the costs and benefits of cooperation. This hypothesis, like the others, calls for more empirical evaluation.

Epistemic Community Hypothesis

A fifth hypothesis in the recent international relations literature deals with the role of "epistemic communities" in advancing cooperation. Such a community is "a professional group that believes in the same cause-and-effect relationships, truth tests to accept them, and shares common values; its members share a common understanding of a problem and its solution" (Haas, 55). The existence of an epistemic community would seem in this view to be a *prerequisite* for cooperation. But Haas does not make this claim. Indeed, if an epistemic community seems as if it should initiate cooperation by spreading its common understanding of an issue, this is not what the Med Plan reveals. Ironically, initiation was less the result of states learning from the epistemic community than of their persisting in erroneous beliefs that the community knew were false. As Haas describes it:

> Many [national] officials thought pollution was a commons problem, and thus required coordinated action throughout the region. They assumed that currents transferred the pollutants fairly freely among countries. UNEP officials were well aware that currents were not sufficiently strong to transmit pollutants across the Mediterranean Basin . . . but they hoped to complete an agreement, so they just smiled and nodded when others charac-

[24] Keohane (fn. 1), 91. The idea of nesting comes from Vinod Aggarwal, *Liberal Protectionism* (Berkeley: University of California Press, 1985).

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> terized Mediterranean pollution as a commons problem. Only later did studies reveal to marine scientists that currents were too weak to fully exchange the wastes between the northern and southern shores; regional pollution was not a true collective good, and could be managed bilaterally or subregionally, although this fact was never fully appreciated by foreign ministry officials, who continued to accept pollution as a regionally shared problem. This false perception actually facilitated resolution of the problem. (pp. 70–71)

Only later in the negotiations did the epistemic community provide information and side-payments that fostered agreement. Their role here was similar to that of a regime. One difference between regimes and epistemic communities seems to lie in the type of information each provides. Both can reduce uncertainty. But whereas a regime gathers data on the preferences and compliance of other members, an epistemic community furnishes negotiators with "expert" information—a particular solution or compromise that advances the negotiations by coordinating states' expectations. Information from the community creates "focal points" that promote agreement.[25]

Haas's central hypothesis about epistemic communities seeks to explain the extensiveness and durability of cooperation rather than its initiation. Haas hypothesizes: "The strength of cooperative arrangements will be determined by the domestic power amassed by members of the epistemic community within their respective governments" (p. 57). His study shows that "the strongest supporters of the Med Plan were the countries in which the epistemic community was most active" (pp. 218–19). These actors reshaped their states' definition of the national interest in ways that allowed those states to be more cooperative. Thus, epistemic communities and domestic politics are linked. How the epistemic community penetrated domestic politics and altered states' preferences is less well documented, however.

The epistemic community hypothesis has strong affinities with the regime argument. Both reduce uncertainty, provide information, and facilitate negotiation. Haas's study prompts one to ask whether prior international regimes created the epistemic community. Without the UN, for instance, would there have been an epistemic community and would the Med Plan have been created? Futhermore, do not both regimes and epistemic communities rely on prior agreements to cooperate and should not these agreements be the focus of our attention? The regime and epistemic community literatures would answer yes to the first question

[25] Haas suggests as much; see chap. 8.

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and no to the second: whereas initial agreements may be explained by other factors, the strength and durability of collaborative arrangements can only be explained in terms of regimes and such communities. These claims require further examination.

Power Asymmetries Hypothesis

A final hypothesis implicit in some of the recent literature suggests that imbalances in power—often in the form of hierarchies—are conducive to cooperation, an argument that resembles hegemonic stability theory. These differences in influence allow stronger actors the greater role in organizing the system; cooperation here is closer to the imposed variety than to the tacit or negotiated forms of the preceding hypotheses.[26] Grieco and Haas would expect these asymmetries to be reflected in the cooperative bargain, with the stronger actors obtaining the more favorable terms. In both studies, interestingly, the weaker states—the EC for Grieco and the southern states for Haas—obtain the better terms. Although Grieco does not relate this to hegemonic stability theory, Haas interprets his finding that France did not prevail as a disconfirmation of the theory, which may be an accurate assessment if he is referring to the version of the theory implying that the hegemon uses coercion to extract benefits for itself. But the asymmetries still contributed to the achievement of a cooperative solution; the stronger states were able to provide benefits to the others to induce their cooperation, as benign versions of hegemonic stability theory suggest. Thus, the argument that a single, overwhelmingly powerful actor is necessary for cooperation may lack support in these books; but the hypothesis that asymmetries in actors' influence contribute to cooperation may be tenable.[27]

The recent literature on international cooperation has thus developed at least six fairly powerful hypotheses to explain the phenomenon. The hypotheses tend to derive from a few basic assumptions, to focus on systemic or structural variables, and to rely on game theory. Each of these hypotheses has its own problems and has only limited empirical support. Nonetheless, they and the underlying common conception of cooperation are the central achievements of this recent literature.

[26] For instance, Conybeare (in Oye, fn. 2) argues that asymmetries in influence mean weaker states can be more sure of retaliation by stronger ones, thus reducing their temptation to defect. Lipson (in Oye, fn. 2) claims that asymmetry on each side allows the number of actors to be reduced, which facilitates negotiation.

[27] For further support, see Snidal (fn. 1) about k-groups; and Barry Eichengreen, *Elusive Stability* (New York: Cambridge University Press, 1990), 113–52, 271–311.

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The Weaknesses: Assumptions about International Politics and Neglect of Domestic Politics

The recent literature on cooperation suffers from at least two serious drawbacks, both of which derive from its reliance on systemic theories and game theory. The first problem flows from the assumptions used to generate the relatively parsimonious hypotheses. In particular, the way in which the assumption of anarchy is developed causes problems. Second, and relatedly, the literature is remarkable in its neglect of domestic politics. As will be argued, this poses a serious limitation for understanding cooperation. Systemic theory simply cannot take us far enough.

Axelrod (*The Evolution of Cooperation*), Oye's *Cooperation under Anarchy*, and Grieco share a central assumption: that states exist in an anarchic international system. From this common assumption, each draws distinct conclusions. For Axelrod, anarchy signifies a "noncooperative" PD situation. States, lacking a common authority, cannot make credible threats or commitments to sanction defection; nor can they practice cooperation. Their inability to make binding agreements and to communicate renders the game tacit—or noncooperative, in the language of game theory. A final by-product of anarchy is the assumption of "egoism," which is interpreted to mean that actors maximize their absolute gains. Each of these deductions from the anarchy situation is debatable.

Schelling showed years ago that there are a variety of ways of making one's threats and commitments credible in a system without a common authority; and Gowa has argued that there can be functional equivalents to such authority—such as a hegemon—which also enhance states' credibility.[28] On the other hand, noncooperative games characterize domestic politics as well. Lack of credibility in one's threats and promises is a problem *within* states; governments, political parties, and business firms all worry about their own capacity and that of others to live up to their stated commitments.[29] While the assumption of noncooperativeness is intended to make the game situation more difficult and realistic, it may actually lead to the opposite outcome. States can and do communicate, and this communication is an important part of the game. Since situations are rarely as well defined and simple as the PD game, communi-

[28] Schelling (fn. 6); Gowa (fn. 7).

[29] Recent work in American politics also raises the issue of the credibility of promises. See, e.g., Kenneth Shepsle, "Institutional Arrangements of Equilibrium in Multidimensional Voting Models," *American Journal of Political Science* 23, no. 1 (1979); and Kenneth Shepsle and Barry Weingast, "Structure-Induced Equilibrium and Legislative Choice," *Public Choice* 37, no. 3 (1981).

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cation is often essential to indicate what the payoff structures are and what cooperation means. Gowa, Jervis, and Larson have pointed out that without a common understanding of these elements, countries are likely to end up in an escalating feud if they try to play Tit-for-Tat.[30] Communication, if it includes deception and persuasion, may make the game nastier than noncooperative PD and may lead to reversed conclusions about the benefits of reciprocity.

The argument that maximizing absolute gains flows from anarchy is also suspect, as Gowa, Jervis, and Grieco note.[31] States may focus on relative gains instead; they may be motivated by envy. Whether they are egoistic or envious has little to do with whether the system is anarchic. Moreover, both envy and egoism motivate actors *within* states, where anarchy supposedly does not reign. The assumption of anarchy, employed to make the argument systemic, is accompanied by a series of other assumptions, most of which flow from game theory and few of which are systemic. Most tellingly, the solution to Axelrod's cooperation problem at the systemic level—that is, reciprocity—is also the solution to the cooperation problem among actors within states. As Alvin Gouldner noted thirty years ago, reciprocity is the fundamental cement that holds society together.[32]

Grieco starts from the same systemic assumption as do Axelrod and the *Cooperation under Anarchy* volume, but he proceeds to make a different argument. For him, international politics is anarchic, but it is fundamentally about relative gains. As he stresses:

> States are fundamentally concerned about their physical survival and their political independence[, which] both result from and depend upon a state's own efforts and thus its relative capabilities. As a result, states want to know what the impact will be of virtually any relationship on their relative defensive capabilities: hence the realist insight that states in anarchy are generally defensive positionalists. Defensive positionalism, in turn, generates a relative-gains problem for cooperation: a state will decline to join, will leave, or will sharply limit its commitment to a cooperative arrangement if it believes that gaps in otherwise mutually positive gains favor partners. (p. 10)

Grieco's argument has several steps, which he implies form a logical progression. In an anarchic world (1) states fear for their lives: this fear means (2) that they can depend only upon their own capabilities to survive, (3) that changes in one's capabilities relative to other states are a

[30] Gowa (fn. 7); cites in fn. 14; Robert Jervis, "Realism, Game Theory, and Cooperation," *World Politics* 40 (April 1988), 334–35; Grieco.

[31] Gowa (fn. 7); Jervis (fn. 30); Grieco.

[32] Gouldner, "The Norm of Reciprocity," *American Sociological Review* 25 (April 1960).

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state's central concern, and finally (4) that states will not accept cooperative agreements that are relatively unfavorable since this reduces their security.

For Grieco, anarchy implies a Hobbesian worldview. States are literally seen in a state of war of all against all. States constantly fear for their survival and see others as trying to dominate or destroy them. An "absolutely necessary effect of anarchy [is] the danger states perceive that others might seek to destroy or enslave them" (pp. 49–50). This is an extreme depiction of the state's vulnerability in the international system. Many have noted that states, being larger and more highly differentiated institutions, have much less to fear in an anarchic situation than do individuals. The argument about interpersonal relations used by Hobbes is stretched in the international context. The acuteness of states' insecurity varies substantially as a function of conditions other than a lack of common government. Jervis discusses a number of these conditions.

> The fear of being exploited (that is, the cost of CD) most strongly drives the security dilemma; one of the main reasons why international life is not more nasty, brutish, and short is that states are not as vulnerable as men are in a state of nature. . . . The easier it is to destroy a state, the greater reason for it either to join a larger and more secure unit, or else to be especially suspicious of others. . . . By contrast, if the costs of CD are lower they can afford to take a more relaxed view of threats.[33]

The degree of fear states have for their survival varies importantly from and independently of the lack of common authority.[34] The more prevalent are conditions that mitigate states' vulnerabilities, the less germane will be Grieco's argument.

Robert Powell further develops this point in a formal model.[35] He maintains that the assumption of relative versus absolute gains is less important than the structural conditions facing states. The critical factor is the cost of using force in the international system. If the costs are low, then relative gains predominate and cooperation is unlikely. Such a situation creates opportunities for states to exploit relative gains to their advantage. And when combined with anarchy (that is, when there is no common government to ensure states will not exploit these advantages) cooperative behavior is underminded. Where force is costly, relative gains cannot be exploited, and cooperation will emerge, even in the pres-

[33] Jervis (fn. 1), 172.

[34] This is true domestically as well; with a common authority, the vulnerability of individuals varies greatly. Living in New York City and living in Princeton, New Jersey, provide different levels of security.

[35] Powell, "The Problem of Absolute and Relative Gains in International Relations Theory" *American Political Science Review* (forthcoming).

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ence of anarchy. The assumption of anarchy then does not imply relative or absolute gains. Rather, anarchy is a constant, while other systemic constraints vary. According to Powell:

> The general problem confronting a state in this system is one of constrained optimization in which the units are trying to maximize their absolute level of economic welfare subject to a set of constraints in which a unit's current relative gain may be translated to a future absolute gain for that unit and future absolute loss for the other units.[36]

This is one way of reconciling the arguments about absolute and relative gains, but it does not explain Grieco's cases, where force is not a relevant concern. The general point, though, is still valid: where conditions mitigate a state's sense of vulnerability, relative gains should matter less—even in the presence of anarchy.

Next, Grieco argues, states must depend on their *own* capabilities, on self-help: no state can afford to depend on any other, for "today's ally [can] become tomorrow's enemy" (p. 47). Is self-help the best way to preserve one's security in anarchy? Not, it seems, once more than two actors are admitted to the model. With three actors in the system, cooperation between two may be far more efficacious than going it alone. Indeed, balance of power theories based on anarchy predict this: states will cooperate to counterbalance others whose relative power is growing. In Grieco's two-person model cooperation is difficult; as Snidal shows, however, the addition of more players increases the likelihood that groups will cooperate to enhance their security. Indeed, the relative gains of your allies in this situation may enhance your own security. Furthermore, failure to cooperate may have devastating consequences. If you refuse to work with others, they may work together and gain even greater relative advantages over you than they might otherwise.

This point casts doubt on the third step in Grieco's argument: that fear of others and the necessity for self-help create a situation in which the relative gains of others are always a cause for concern. Relative gains, he argues, are not the only concern, but they are always central. States must be "defensive positionalists" first and foremost.

> Driven by an interest in survival and independence, states are acutely sensitive to any erosion of their relative capabilities. . . . Capabilities—and especially their amount and quality compared to others—are the ultimate basis for state security and independence in the self-help context of international anarchy. As a result, realists find that the fundamental goal of states in any relationship is not to attain the highest possible individual

[36] Ibid., 24.

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> gain or payoff; instead, it is to prevent others from achieving advances in their relative capabilities. (p. 39)

While Grieco is concerned with both absolute and relative gains, he gives priority to the relative element. According to his model, as each state's sensitivity to relative gaps in payoffs from cooperation rises in a two-person game, the possibility of cooperation declines. Although he discusses what influences this sensitivity only briefly (see p. 46), he generally assumes that it is substantial.

> A state's sensitivity coefficient to gaps in gains may vary according to its partners, its own circumstances, and the type of cooperative endeavor to which it has committed itself. Yet given the uncertainties of international politics, and of the importance of relative power in interstate relations, *realist theory would expect every state's level of k to be greater than zero* in virtually all its cooperative relationships. . . . Thus gaps in payoffs favoring partners will always detract from a state's utility to some degree. (pp. 46–47)

Concern for relative gains should be a variable, but Grieco tends to employ it as a constant. As Snidal demonstrates, this is a real problem, since variance in the concern for relative gains substantially affects the prospects for cooperation.[37]

Moreover, even if relative gains are central, does that necessarily impede cooperation? As noted above, adding more players raises the likelihood of cooperation. Adding issues should also increase cooperation. Thus, on any single issue, two states may be directly opposed; but on several, they are likely to have different preference rankings and be able to make exchanges across issues.[38]

> Each party's interests may appear to be opposed on specific items, but the values and priorities underlying the set of issues often provide the basis for cooperation. . . . [T]here are various ways of achieving [an agreement that satisfies the more basic interests of all parties], including formulating package deals that involve conceding on issues of low priority in exchange for reciprocal concessions on more important issues, logrolling, fractionating larger issues into smaller segments.[39]

Therefore, the addition of either issues or actors, or both, reduces the difficulty of cooperation in relative gains situations.

[37] Snidal (fn. 9).

[38] If one assumes that states are identical and have the same preference rankings, this argument fails. But such an assumption is heroic. Domestic politics are central here, too.

[39] John Holmes et al., "Boundary Roles and Intergroup Conflict," in Stephen Worchel and William Austin, eds., *Psychology of Intergroup Relations*, 2d ed. (Chicago: Nelson-Hall, 1986); 356.

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While these points mitigate the pessimism of Grieco's argument by suggesting that cooperation is possible even in relative gains contexts, they are not fatal to his main point. He argues that the relative gains dynamic and the absolute gains dynamic differ in the concerns they raise. The latter leads to an emphasis on cheating and ways to prevent it. His argument focuses on the terms of the agreement being negotiated, that is, on the distribution of net benefits. He maintains that only balanced agreements produce cooperation. This distinction between cheating and the distribution of gains may be overstated, as was mentioned earlier. It is true that for Axelrod and for the *Cooperation under Anarchy* volume relative gains are not the focus of attention. This is a consequence of their use of simple games. Payoffs are assumed to be symmetric, and hence in PD one maximizes one's relative gains by cheating (DC). One fears cheating on the part of others because that would maximize not only their absolute advantage but also their relative one. Hence cheating in PD is equivalent to maximizing one's relative gains. Furthermore, it does not seem inconsistent with Axelrod's model to argue that as the payoffs from cooperation (CC) become increasingly asymmetric converging on the sucker's payoff (CD), the likelihood of mutual defection (DD) will rise, which is Grieco's point. Cheating in a tacit, sequential game may be equivalent to obtaining an agreement whose relative gains are unfavorable. The lack of interest in the nature of the cooperative solution shown by Axelrod and the *Cooperation under Anarchy* volume is, nevertheless, an important oversight.

The claim of the absolute primacy of relative or absolute gains in international politics is debatable. The assumption of anarchy cannot be used to deduce either case. It is not anarchy that leads to relative gains concerns, or absolute gains ones, but other factors. At different times states at the international level are motivated by both concerns. And within states, where common authority exists, actors exhibit both envy and egoism.[40] The characteristics of situations that make participants more prone to relative or absolute calculations need more study (and fewer assumptions). Here again scholarship about domestic politics may contribute to theorizing in international relations once one drops the assumption that anarchy means that international politics is radically different from domestic politics.[41]

[40] Sociologists have been debating economists for years about this assumption for domestic society. See, e.g., Brian Barry, *Sociologists, Economists, and Democracy* (Chicago: University of Chicago Press, 1978).

[41] For more on this problem and other arguments about the troubles caused by the assumption of anarchy, see Helen Milner, "The Assumption of Anarchy in International Relations Theory," *Review of International Studies* 17 (January 1991).

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The final step in Grieco's argument deserves scrutiny as well. Even assuming that all the preceding steps flow logically, does the link between relative gains and security follow? Does minimizing the relative gains of others in every situation necessarily maximize one's own security and independence? Note that Grieco does not claim that one should maximize one's own relative gains. This is important, for otherwise the security dilemma becomes operative, and each side's attempt to maximize could leave it less secure as the other side responded. Though minimizing the other's gains may avoid or mitigate this dynamic, will it promote one's own security and power? Grieco's view of power is rather crude. Any resource is a source of power, and hence of security, and thus should not be bargained away. He notes in passing that

> the level of [the state's sensitivity to relative gaps] is also likely to increase if payoffs in a particular issue-area are more rather than less easily converted into capabilities within that issue-area, or if those capabilities and the influence associated with them are more rather than less readily transferred to other issue-areas. (p. 46)[42]

But issues concerning resource fungibility, conversion of capabilities, or the positive-sum nature of power are never raised elsewhere. Furthermore, the character of power in a relationship is misspecified. As Hirschman, Keohane and Nye, Baldwin, and others have shown, power in an interdependent relationship flows from asymmetry: the one who gains *more* from the relationship is the more dependent.[43] Threats to terminate the relationship differentially influence the side gaining relatively more. The side with leverage then is *not* the one with the greatest relative gains, but the one with the least. Giving relative gains to others may be a way of reducing their influence and increasing one's own.

One response to this is that it may be true *in particular instances*. Thus, although giving relative advantages to others may temporarily enhance one's own power and security, over time one will be weakened by such redistribution and one's security will be endangered. This admission that giving relative gains to others can enhance one's position in the short run at least is still damaging, for it reveals that no logical necessity links anarchy and fear for one's security with minimizing the other's relative gains. Indeed, in certain circumstances, allowing the other side to accrue relative gains may enhance one's own security. Hence, depending on the

[42] Note how similar this is to Powell's argument.

[43] Albert Hirschman, *National Power and the Structure of Foreign Trade* (Berkeley: University of California Press, 1945); Robert Keohane and Joseph Nye, *Power and Interdependence* (Boston: Little, Brown, 1977); David Baldwin, "Interdependence and Power," *International Organization* 34 (Autumn 1980).

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situation a country may increase its security and influence by either decreasing or increasing the other state's relative advantages. This is evident not only in Hirschman's account of German behavior in the interwar period but also in Grieco's own cases. Grieco notes that the U.S. was generally more powerful than the EC but that in the cases of successful cooperation the EC received the greater relative gains. "The EC supported those accords yielding it a favorable share of mutually positive gains[, but] the EC restricted its support for accords it believed would produce gaps in benefits favoring code partners, especially the U.S." (p. 68; see also chap. 7, esp. 168–69, 216–20). Cooperation was achieved in the former areas and blocked by the EC in the latter areas. Why would the more powerful U.S. agree to an outcome in which the EC gained relatively more? There are two plausible responses: the U.S. was maximizing its security by giving advantages to the Europeans à la Hirschman, or the U.S. was not interested in relative gains. The latter conclusion is no better for Grieco's argument than the former since it implies that variance in states' sensitivities to relative gains may be very important: all states may not be oriented primarily to relative gains, and thus cooperation may not depend solely on the distribution of these gains.

This section has argued that the assumptions used to build systemic models of international cooperation are not as simple and straightforward as they appear. The condition of anarchy, for one, is used to justify a host of contradictory assumptions and outcomes: that states are absolute gains maximizers or that they are relative gains minimizers; that anarchy creates conditions resembling tacit bargaining or that it creates conditions resembling full-scale negotiation. Each of these sets of assumptions represents a different theory of international politics. Moreover, it is unlikely that anarchy dictates one or another of these conditions all of the time. The motivations of states and the nature of the international game depend on other factors, some of which, as Powell shows, are systemic but many of which are located at the domestic level.

The neglect of domestic politics is then the second weakness of this literature. The theories in Axelrod, Oye's *Cooperation under Anarchy* volume, and Grieco are concerned with the international systemic conditions that affect the possibility of cooperation. Domestic factors are consciously excluded or neglected.

Haas at least raises the issue of domestic politics, but even he deals with it in only a glancing way. His study falls somewhere between the international and domestic levels. He identifies a transnational epistemic community but argues that it works through the domestic political arena to change national preferences; that is, when a high level of uncertainty

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surrounds an issue, decision makers are willing to give new scientific elites access to the policy process. If these new elites can get their views institutionalized in the domestic political arena, they can effect a change in national preferences and foreign policy, enabling greater compliance with internationally agreed upon practices. This process of domestic change is important for Haas's argument, but he only describes and asserts the path of causality domestically. His sole test of the idea is to show that states with older environmental bureaucracies were more supportive of the Med Plan (Table 5.1 on pp. 132–33, 163). While this correlation is suggestive, he has no theory about domestic politics that explains why and when an epistemic community can have an impact on the domestic system. He simply assumes that without the scientists' involvement, national policy would have been different.

There are two reasons for the neglect of domestic politics in the literature. One is the centrality of anarchy as *the* condition for differentiating between domestic and international politics; the other is the use of game theory, with its assumption of unitary, rational actors. This international focus is problematic in that it rests upon a series of unexamined assumptions about domestic politics that are crucial to the results. Important assumptions are made about three areas: the determination of the payoff structures (or national interests) of states, the strategies available to states to alter systemic conditions, and the capacity of states to ratify and implement cooperative arrangements.

Game-theoretic models of international cooperation rest heavily upon the specification of the payoff matrix, that is, upon the costs and benefits states receive for different outcomes. These payoffs—exogenous to the models—are simply assumed. As Benjamin Cohen notes, though:

> The limitations, as every serious game theorist knows, lie in the methodology of game theory itself. . . . Even more critical is the familiar problem of specifying player motivations. Game models . . . provide insights into the strategic choices that can be expected of individual players once the orderings of all the actor's preferences are fully detailed. . . . [T]here is nothing in the essential logic of game theory that tells us how the configurations of preferences get to be determined in the first place. By their very nature, game models are silent on the subject of what initially motivates players. Preference orderings at the outset are simply assumed to be exogenously—that is, arbitrarily determined. . . . The limitation of even the most ambitious applications of game theory lies in the tendency to concentrate on what comes out of state conceptions of self-interest rather than on what goes into them.[44]

[44] Cohen, "The Political Economy of International Trade," *International Organization* 44 (Spring 1990), 276–78.

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The determination of preference rankings need not pose a problem for theorizing at the systemic level. Theoretically, the payoffs could be postulated to depend solely on international variables and not at all on domestic ones. This, of course, is the approach of certain theorists of balance of power and hegemonic stability.[45] Snidal notes that a deductive theory of preferences should precede the game model. He suggests that these theoretical derivations could be wholly systemic but adds that "state's preferences may not always be tightly linked to the objective conditions. Perceptions and information processing, as well as organizational or bureaucratic imperatives, may change the relevant payoffs for decision makers."[46] Oye's introduction and Axelrod and Keohane's conclusion in *Cooperation under Anarchy* also note the importance of domestic politics and perceptions for the payoff matrix. While a purely systemic theory would require systemic derivations of the payoffs, all the payoff derivations in the *Cooperation under Anarchy* volume depend to some extent on domestic factors.[47] For security issues, the perceptions of elites play a sizable role, whereas in economic issues the internal distribution of the costs and benefits of different international policies weighs heavily. On the whole, as Haas also maintains, the internal character of states and their elites is a central element in determining the preferences of states.

As indicated above, Grieco tends to overlook domestic variables. His argument about relative gains is cast at the international level; the comparison is between *national* gains for different states. Grieco acknowledges the drawbacks of his systemic approach by saying that "there is no doubt that domestic political institutions and dynamics also shape a nation's foreign economic goals and strategies and especially its foreign trade policies"; but he justifies it nevertheless with the assertion that "even in an area such as trade where domestic factors are unquestionably operating, systemic-level factors still show themselves to be very important" (p. 24).[48] As in the *Cooperation under Anarchy* volume, however,

[45] For the former, see Kenneth Waltz, *Theory of International Politics* (Reading, Mass.: Addison-Wesley, 1979); and Barry Posen, *The Sources of Military Doctrine* (Ithaca, N.Y.: Cornell University Press, 1985); for the latter, see Stephen D. Krasner, "State Power and the Structure of International Trade," *World Politics* 28 (April 1976); David Lake, *Power, Protection, and Free Trade* (Ithaca, N.Y.: Cornell University Press, 1988); and Conybeare (fn. 1).

[46] Snidal, in Oye (fn. 2), 42, and 40–44 for a wider discussion. Jervis (fn. 30) also makes this point (pp. 324–25).

[47] For Jervis, it is the nature of the domestic regimes that influences the concert system; for Van Evera, the misperceptions of decision makers; for Conybeare, rent seeking by domestic interests; for Oye, the domestic costs of and economic beliefs of elites about alternative macroeconomic policies; for Lipson, the domestic relationship among banks (all in Oye, fn. 2).

[48] Since he does not test domestic explanations against his international one, it is difficult to support this claim.

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introductory remarks declaiming systemic theories slip into inductive case studies dependent on domestic factors. For instance, payoffs and hence the likelihood of cooperation depend on the perceptions of decision makers. The high value placed by the Europeans on technical barriers and government procurement codes—areas where cooperative attempts failed—and the low value placed by the Americans on codes on antidumping and countervailing duties—areas where cooperation was more prevalent—are induced from the statements of policy makers about their perceptions of the relative importance of these issues (Grieco, e.g., 208–9). A priori theories of preferences based on systemic factors are missing.

In another discussion, however, Grieco does have data suggesting a priori the "national interest" (the addition of producer, consumer, and foreign exchange gains) from the liberalization of agricultural trade. On the basis of Table 7.6, which shows the estimated welfare and foreign-exchange effects of a complete dismantling of all agriculture support programs, he concludes that "it is not surprising that the EC (as well as Japan and the Nordics) resisted the U.S. vigorously on [eliminating] agricultural export subsidies during the 1980s" (p. 180). But it is surprising: according to the table (add columns 1–3), the biggest net gainers from agricultural trade liberalization are Japan, Australia, New Zealand, and marginally the EC. The U.S. is a net loser. This a priori preference structure predicts the opposite of what happens, and the way to explain this outcome is through domestic politics: the privileged political position of agricultural producers in Japan and the EC. Because of their domestic political systems, gains to agricultural producers count more than gains to consumers. In general, the problem with assessing relative national gains is that one has to add up the net benefits for different domestic groups to arrive at a national assessment. The aggregation of preferences domestically is a difficult theoretical and practical issue. How to count costs and benefits to different groups is a fundamental problem. Calculating national payoffs implies a theory of domestic politics.

This problem arises in Haas's book as well. Although he realizes that "states may act based on interests that are derived internally, rather than on those provided externally from their systemic positions," he also implicitly injects his own theory of domestic politics. He argues that "an ecological epistemic community was able to identify and successfully imposed new state interests which did not directly reflect systemic or structural principals" (p. 231). His assumption seems to be that national interests are determined by elites that control government bureaucracies; it is a form of the bureaucratic politics argument. But, as his anomalous

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French case shows, how bureaucratic interests are aggregated in policy-making requires a prior theory of domestic politics.

The second area in which domestic factors intrude into systemic theories of cooperation is the issue of strategy versus structural constraints. The hypotheses generated about cooperation rest on supposedly structural conditions inhering in the international environment: the degree of iteration, the discount rate, and the number of actors are viewed as being set by the objective character of the international situation at hand. All of these factors are influenced by domestic forces. As the *Cooperation under Anarchy* volume notes, the strategies of states and the perceptions of decision makers affect these conditions; that is, they are not really structural. For instance, the ability to play Tit-for-Tat and to recognize the other state's moves depends on internal factors. As Lipson maintains in discussing game theory:

> Our analysis . . . presumes that the states are coherent, unitary, rational actors. This strong assumption is, of course, descriptively inaccurate. Governments do not choose between alternative tactics, as a single decision-maker might, to maximize expected returns or to assure some minimum payoff. Rather, such choices are typically the product of politically mediated coalition bargaining . . . the process of building and sustaining domestic coalitions necessarily limits the capacity of modern states to devise and execute sophisticated strategies, which may require plausible threats to change policy sharply or to stick to one relentlessly.[49]

Governments may be unable to play Tit-for-Tat. They may be unable to interpret accurately the moves of other states. Misperceptions, bureaucratic politics, and vested interests may systematically interfere to undermine—even to reverse—the hypotheses posited. When domestic factors are introduced into the argument, not only may the predicted effects of reciprocity, iteration, and numbers of actors fail to materialize, but the very opposite effects may manifest themselves.

In addition, the constraints that make states more vulnerable, which Grieco mentions and Powell focuses on explicitly, may reflect domestic politics. Powell, for example, argues that the cost of using force is a structural variable. But this is debatable. These costs depend a great deal on decision makers' perceptions, the ability of the state to extract resources from domestic society, and the degree of public support for using force. Domestic factors may thus shape a state's sense of vulnerability as much as or more than systemic factors.

Finally, one area not considered by the literature examined here is the problem of ratifying cooperative agreements domestically. While this is

[49] Lipson (fn. 1), 10. Oye (fn. 2) also points this out (pp. 15–16).

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part of the problem of pursuing strategies of reciprocity, it is also broader. States may devise internationally cooperative solutions and overcome cheating and relative gains concerns, only to find that their domestic situations will not support them. Cooperation may be unattainable because of domestic intransigence, and not because of the international system. This explanation applies to an important number of cases. The failures of the International Trade Organization, the Anglo-American oil agreement, the European Defense Community, the European monetary coordination in the 1970s, and the current Uruguay Round of the GATT are attributable less to concerns over cheating or relative gains than to the opposition of domestic actors. The domestic explanations for other cases, such as the U.S. failure to ratify the League of Nations and SALT II or the British abstention from European integration, are also arguably more salient than the international ones. It is therefore difficult, if not impossible, to explain any of these cases with reference solely to international factors. Domestic theories of international cooperation have, however, been few in number and weak in deductive argument.[50]

Consideration of domestic politics seems essential for understanding international cooperation for three reasons. First, domestic politics tells us how preferences are aggregated and national interests constructed. Whether the focus is on absolute gains or relative gains, one still needs a theory of domestic politics to determine how gains and losses are calculated. A state's calculation of the net costs or benefits of an arms control accord or a trade liberalization agreement depends on the aggregation of the domestic preferences of its constituents. Second, domestic politics can help explain the strategies states adopt to realize their goals. Whether states are able to play T-f-T, employ side-payments, or use force depends very much on domestic factors. Strategies may be suggested by a state's structural position, but the nature of its political system, bureaucratic politics, the influence of special interests, and public opinion may ultimately determine which strategies states can pursue internationally. Third, the final step in establishing cooperative agreements occurs when domestic actors agree to abide by the terms negotiated internationally. Domestic ratification is thus essential. Policymakers know this, and hence when negotiating internationally they must always anticipate domestic reactions. International agreements can always be reached, but they can only be implemented if key domestic actors concur. For these three reasons, domestic politics are essential to understanding international cooperation.

[50] One of the best recent attempts is Robert Putnam, "Diplomacy and Domestic Politics," *International Organization* 42 (Summer 1988).

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No single theory of domestic politics exists today to explain international cooperation. Rather, there are four prominent theories, each of which highlights different factors. These theories will be examined in terms of the three variables emphasized above: how national interests are constructed, what international strategies can be employed, and when domestic ratification of international agreements can occur.

First, *pluralist theories* suggest that the preferences of interest groups and the dynamics of party systems should matter most. Groups or parties that anticipate net gains from cooperative agreements will vie with those likely to suffer losses, and the influence of these actors and their relative access to policy-making institutions will shape the state's preferences and bargaining abilities.[51] The national interest will be the sum of the preferences of different interest groups as weighted by their access to policy-making institutions. Because these societal groups play such a central role, they can limit the international strategies available to a state. Furthermore, policymakers may depend heavily on these groups to negotiate the agreements since their preferences will be the key to ratifying the agreement.

Second, *elite theories* of politics, whether of democratic or other systems, locate the sources of cooperation in the nature of the national decision makers.[52] The backgrounds, beliefs, and political context of these elites will shape international bargaining. Haas's argument is partially an elitist one. The national interest here is shaped by the calculations of political elites, as Haas claims for his epistemic community. Interest group preferences matter less. States' strategies will also be a function of these elites—that is, of their perceptions, political backgrounds, and degree of unity. Indeed, it is likely that political elites will employ similar strategies at home and abroad. Finally, in this case ratification will hinge on gaining the acquiescence of a majority of these elites.

Third, *institutional theories* of the state, such as bureaucratic and organizational politics or the "new institutionalism," focus on domestic decision-making structures.[53] The character of domestic political institutions may condition both the preferences of a state and its ability to negotiate internationally. The national interest in this case depends on how political institutions shape actors' preferences and condition their

[51] See, e.g., Peter Gourevitch, *Politics in Hard Times* (Ithaca, N.Y.: Cornell University Press, 1987); Helen Milner, *Resisting Protectionism* (Princeton: Princeton University Press, 1988).

[52] See, e.g., John Odell, *U.S. International Monetary Policy* (Princeton: Princeton University Press, 1982).

[53] See, e.g., G. John Ikenberry, ed., *The State in American Foreign Economic Policy* (Ithaca, N.Y.: Cornell University Press, 1990).

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access to decision-making forums. Haas, for instance, points to environmental elites who gained institutional access to the more established national environmental ministries, which then allowed them to reshape the "national interest" in the Med Plan. Certain types of institutions may also make it more feasible to play various strategies. For example, centralized systems may be better able to play Tit-for-Tat. In addition, a focus on institutions would seem critical to understanding domestic ratification. Does ratification require a formal legislative vote or a two-thirds majority versus a simple majority? Such conditions will shape the international negotiations as well as the domestic coalition-building process.

Finally, *Marxist theories* of politics illuminate the centrality of capitalism and classes for cooperation.[54] For Marxist theories—whether structural or instrumental—it is the interests of capital that determine the national interest. This could imply a long-run set of preferences stressing the protection of capitalist accumulation or a shorter-run set of interests based on the preferences of particular capitalists. The national interest will nevertheless weight the demands of capitalist producers more heavily than those of other groups. The state's international strategic options are therefore either very limited due to the veto of capitalists or quite extensive if the state is structurally autonomous. Marxist theories hold, too, that domestic ratification hinges on the preferences of capital, but on this point the theories are also ambiguous. Domestic capital may desire international cooperation and pursue it through cross-national alliances and cartels. Or national capital of different states may battle each other for foreign markets, creating Lenin's imperialist war.

Much as different theories of international politics identify different variables as being central to cooperation, so do these four domestic theories. One can judge their relative merits only when specific hypotheses have been deduced from them and tested against the evidence, as the systemic-level theories examined here have begun to do.

Conclusion

With the end of the post–World War II international order, the need to devise new cooperative arrangements among nations has become essential. While cooperation may not always be beneficial depending on the issue and one's vantage point, attempts by states to reduce the negative effects of their policies on one another can improve the general welfare.

[54] See, e.g., Fred Block, *The Origins of International Economic Disorder* (Berkeley: University of California Press, 1977).

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The literature reviewed here tries to identify the systemic conditions under which collaborative activity may be promoted. Scholars have developed a common understanding of cooperation and a number of powerful systemic hypotheses to explain cooperation. These hypotheses remain problematic and tentative. They suggest that conditions that allow actors to interact in an iterated fashion using strategies of reciprocity may be conducive to cooperation. Achieving a "balanced" distribution of gains in negotiations may also prove crucial to reaching agreement. The existence of international regimes today in certain issue-areas may foster cooperation in other areas. Communities of transnational actors who share beliefs and epistemologies may also promote collaborative agreements. Finally, issues involving actors with different levels of capabilities may prove more amenable to cooperative agreement. Sorting out the different effects of these variables in practice is likely to be very difficult. For instance, in an area where a regime exists, iteration is extensive, and reciprocity is practiced (as in the GATT trade negotiations), how important are the problems of large numbers of actors and declining levels of asymmetry among them? The complex interaction of these variables in international politics makes it difficult to assess the conditions that promote cooperation.

The literature also has at least two weaknesses. First, in striving to build systemic theories, the authors begin with the assumption of anarchy and then add on a host of other assumptions that, it is implied, flow from the fact of anarchy. In reality though, these assumptions seem to depend on other factors, some domestic and some international. For example, anarchy does not determine whether relative or absolute gains dominate the motivations of states. Rather, that depends on the domestic character of states and other features of the issue-area. Second, the literature suffers from a systematic neglect of domestic factors—even while it depends on implicit theories about internal politics. Each state's payoffs, its perceptions of "balance," its time horizon and expectations about the future, and its capacity to employ strategies to modify the game are heavily conditioned by its domestic situation. Thus, for all that systemic theory has been touted for its supposed epistemological priority or inherent parsimony, the biggest gains in understanding international cooperation in the future are likely to come from domestic-level theories.

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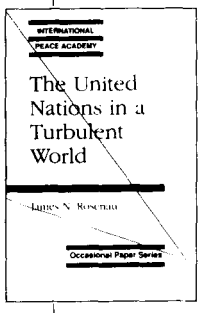

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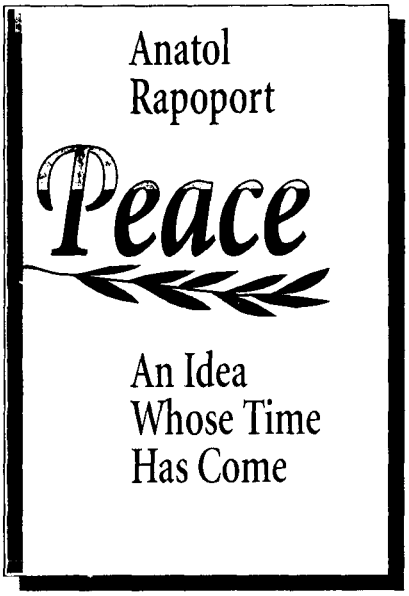

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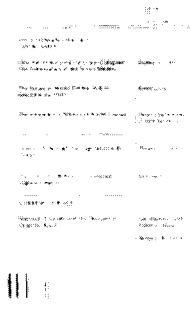

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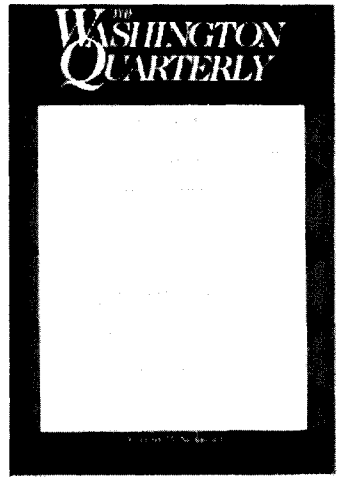

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